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FIRST SESSION—THIRTIETH PARLIAMENT  
1974-75

THE SENATE OF CANADA  
PROCEEDINGS OF THE  
STANDING SENATE COMMITTEE ON  
**NATIONAL FINANCE**

The Honourable DOUGLAS D. EVERETT, *Chairman*  
The Honourable HERBERT O. SPARROW, *Deputy Chairman*

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Issue No. 18

THURSDAY, MAY 1, 1975

**Thirteenth Proceedings**

The examination of the Estimates of the Manpower Division of the  
Department of Manpower and Immigration for the fiscal  
year ending the 31st of March, 1975

(Witnesses: See Minutes of Proceedings)

STANDING SENATE COMMITTEE ON NATIONAL  
FINANCE

The Honourable D. D. Everett, *Chairman*;

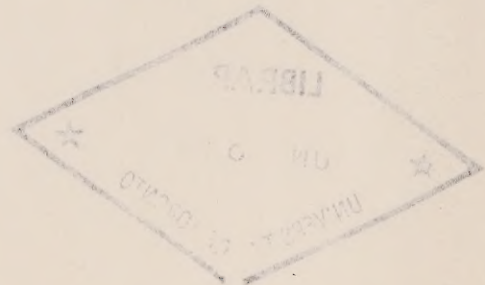
The Honourable Herbert O. Sparrow, *Deputy Chairman*.

The Honourable Senators:

Barrow, A. I.	Hicks, Henry D.
Benidickson, W. M.	Langlois L.
Carter, C. W.	Manning, Ernest
Côté, J. P.	Neiman, Joan
Croll, David A.	O'Leary, M. Grattan
Desruisseaux, P.	*Perrault, R. J.
Everett, D. D.	Prowse, J. Harper
*Flynn, Jacques	Robichaud, L. J.
Giguère, Louis de G.	Sparrow, H. O.
Graham, B. Alasdair	Welch F. C.
Grosart, Allister	Yuzyk, P.—(20)

\**Ex officio* members

(Quorum 5)





## Order of Reference

Extract from the Minutes of the Proceedings of the Senate, December 17, 1974:

Pursuant to the Order of the Day, the Senate resumed the debate on the motion of the Honourable Senator Everett, seconded by the Honourable Senator Cook:

That the Standing Senate Committee on National Finance be authorized to examine in detail and report upon the Estimates of the Manpower Division of the Department of Manpower and Immigration for the fiscal year ending the 31st March, 1975.

After debate, and—

The question being put on the motion, it was—

Resolved in the affirmative.

Robert Fortier,  
*Clerk of the Senate.*

# Minutes of Proceedings

Thursday, May 1st, 1975  
(13) . . . . (18)

Pursuant to adjournment and notice the Standing Senate Committee on National Finance met this day at 9:30 a.m.

*Present:* The Honourable Senators Herbert O. Sparrow, (*Acting Chairman*), Barrow, Carter, Croll, Desruisseaux, Graham, Grosart, Hicks and Neiman (9).

The Committee resumed its examination of the Estimates of the Manpower Division of the Department of Manpower and Immigration for the fiscal year ending 31st March, 1975.

The following witnesses were heard:

Dr. Andre Raynauld  
Chairman of the Economic Council of Canada

Mr. Robert Jenness  
Director of the Labour Markets Group

Mr. John Dawson  
Director of the Economic Council

*In attendance:*

Mr. J. H. M. Cocks, Director of Administration; Mrs. Barbara Reynolds, Research Branch, Library of Parliament; Mrs. Helen Small, Parliamentary Centre.

At 12:45 p.m. the Committee adjourned until 9:30 a.m. May 8th, 1975.

ATTEST:

Georges A. Coderre,  
*Clerk of the Committee.*

# The Standing Senate Committee on National Finance

## Evidence

Ottawa, Thursday, May 1, 1975.

The Standing Senate Committee on National Finance met this day at 9:30 a.m. to examine in detail and report upon the estimates of the Manpower Division of the Department of Manpower and Immigration for the fiscal year ending March 31, 1975.

**Senator Herbert O. Sparrow** (*Deputy Chairman*) in the Chair.

**The Deputy Chairman:** Honourable senators, we are fortunate to have with us this morning Dr. André Raynauld, Chairman, Economic Council of Canada. Dr. Raynauld is accompanied by some of the senior officials of the Economic Council, and I would ask Dr. Raynauld, when he begins his remarks, to introduce those individuals. I understand Dr. Raynauld has an opening statement, in conjunction with which he will be using a slide presentation. Once Dr. Raynauld has completed his opening statement, the lead-off questioner will be Senator Grosart, followed by questions from other honourable senators who indicate they wish to ask questions.

Just before we get under way, I should like to remind honourable senators, in the event that some leave before the hearing this morning is completed, that the next meeting of the committee will be Thursday, May 8, at which time the President of the Treasury Board, the Honourable Mr. Chrétien, will be the witness.

You may proceed, Dr. Raynauld.

**Dr. André Raynauld, Chairman, Economic Council of Canada:** Thank you, Mr. Chairman. I am honoured to have been invited to appear before your committee. I should like, first of all, if I may, to introduce my colleagues. First of all, sitting in the second row are Mr. George Post, Vice-Chairman of the Economic Council, and Mr. Robert Jenness, Director of the Labour Markets Group. Mr. Jenness is the expert and I will be turning to him to answer some of the more difficult questions. Sitting with me is Mr. John Dawson, Director of the Economic Council. Mr. Dawson is supervising the study under way by the Economic Council on the labour market.

I indicated to your chairman, Senator Everett, that at this stage of our study on the labour market our presentation today, of necessity, would have to be fairly general. I will have to confine my remarks to major findings that might be of use to the committee. It is my understanding that even though our presentation will have to be fairly general and not designed to focus very precisely on the immediate objectives of your committee, it would be useful to you. It is with that understanding that I accepted the invitation to appear before you.

In order to move relatively quickly with this very broad subject, I have asked officials of the Economic Council to

prepare a series of slides, the first of which I will introduce right away.

The purpose of the first slide, which you have probably already seen, is to highlight two major facts which pertain to the functioning of the labour market. The first one, as shown on the right-hand side, is that Canada has experienced a very rapid increase in the labour force. The increase, in fact, has been more rapid than any increase in the labour force of developed countries over the period 1963 to 1973. In those 10 years employment in Canada grew by 43 per cent, as compared with an employment growth rate of 26 per cent in the United States; 15 per cent in Japan, and 6 per cent in Sweden.

There have even been some declines, as can be seen below the base line, in the employment growth rate, examples being Britain and West Germany.

On the left-hand side of the chart we show Canada's productivity rate. As shown on the chart, Canada's rate of increase in productivity has been relatively modest. Canada is shown by the solid line. It is slightly higher than that of the United States, but substantially lower than that of most European countries and Japan. In fact, in figures it means that our productivity has increased by about 2 to 3 per cent a year compared with 4 to 8 per cent in most other countries.

**Senator Desruisseaux:** May I ask at this stage whether there is some indication of the figures between 1973 and 1975?

**Dr. Raynauld:** Not for 1975, but we have some idea about 1974. Productivity in 1974 was, if I remember correctly, down by over 1 per cent.

**Senator Hicks:** Reduced?

**Dr. Raynauld:** It declined by over 1 per cent in 1974, but I would not know offhand what happened in other countries.

**Senator Hicks:** Productivity per person in the labour force has been declining all along, then?

**Dr. Raynauld:** This is per man-hour.

**Senator Hicks:** I beg your pardon. It has not decreased then.

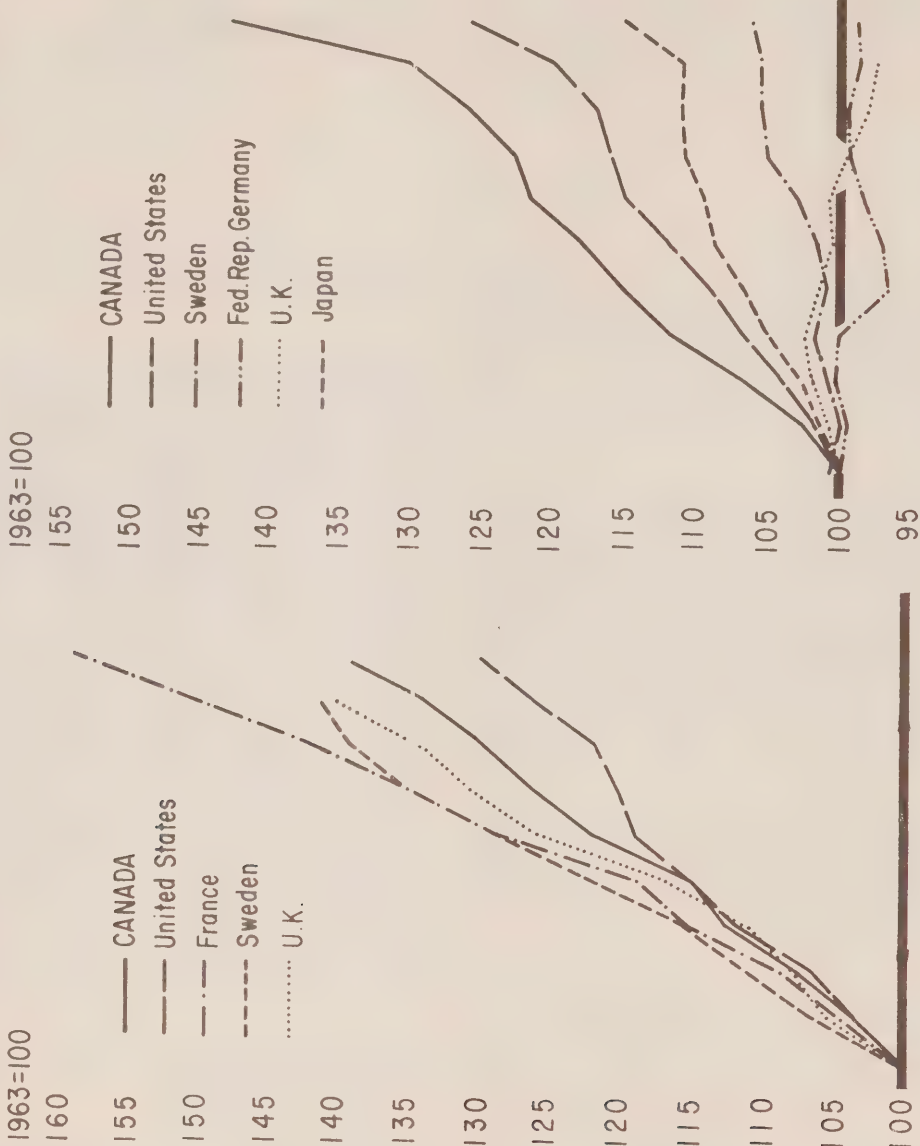
**Dr. Raynauld:** It would be about the same if it were shown as output per man, per employed person.

The next slide shows the unemployment job vacancies relationship for Canada, 1953-1974. Here we simply want to show the relationship between job vacancies and unem-



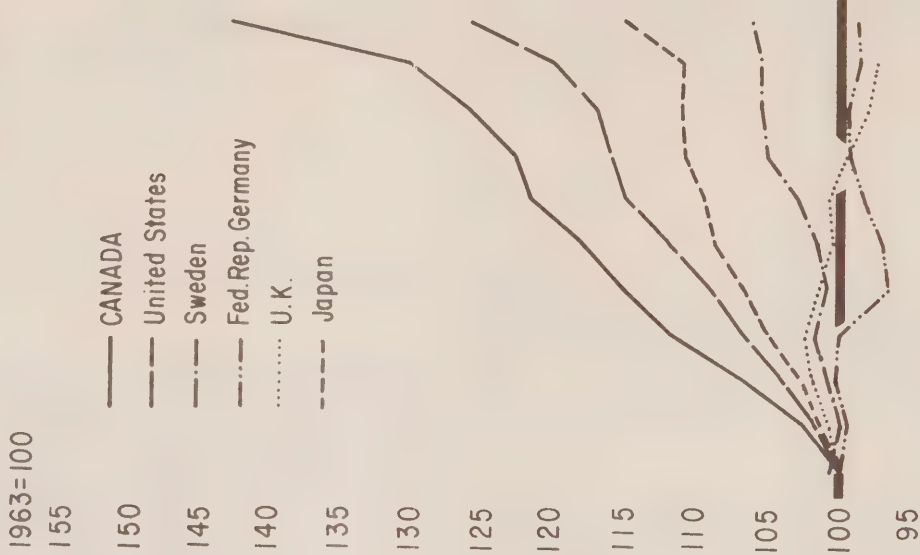
SLIDE 1

International Comparison of  
Productivity — GNP or GDP  
per man-hour



63 1965 1970 73

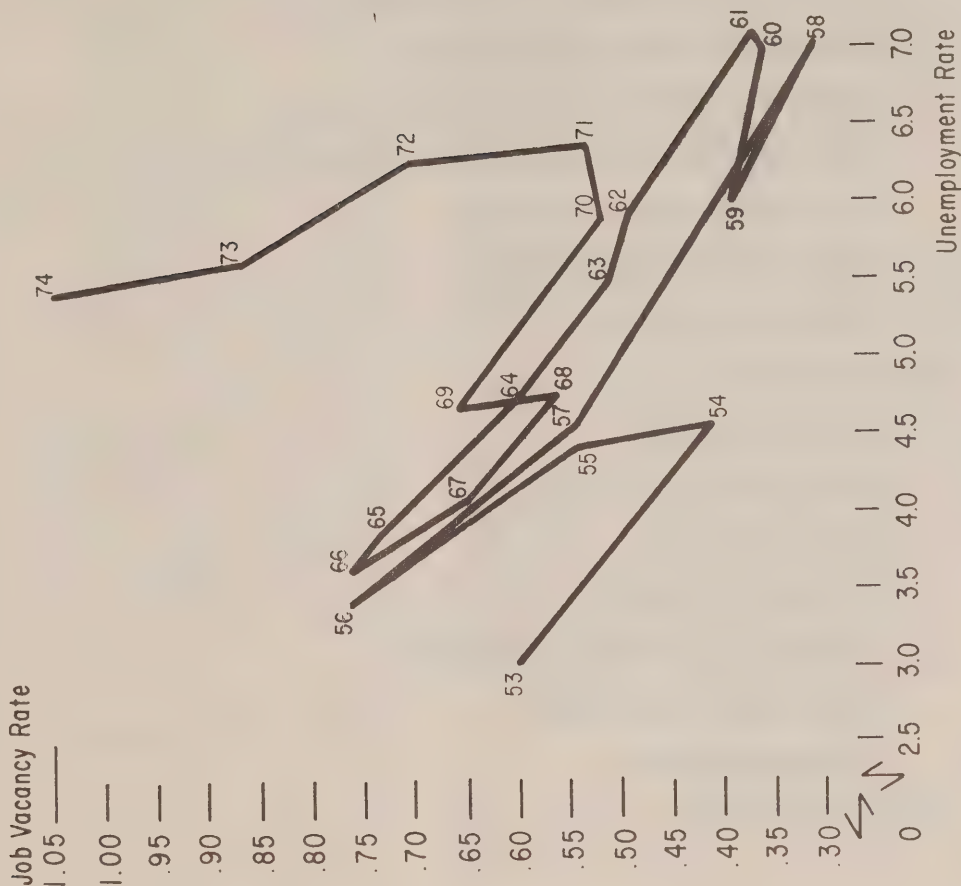
International Comparison of  
Employment



63 1965 1970 73

SLIDE 2

# The Unemployment Job Vacancies Relationship for Canada, 1953-1974



ployment. Usually it is assumed that when job vacancies go up the rate of unemployment goes down, because job vacancies show a supply of jobs that are available, and unemployment, of course, is a supply of labour that is available. Usually you move along a kind of Phillips curve. The shaded area depicts the slope of the relationship. Since 1971 it is obvious that the relationship has broken down. We have that for the last four years—1971, 1972, 1973 and 1974. In fact, with the increase in job vacancies, it would be expected that the line would move to the left, showing a decrease in the rate of unemployment at the same time. The fact that the line is about vertical means that the rate of unemployment has not changed; it has remained about the same, but in fact the job vacancies have increased considerably. That shows how that relationship breaks down. We may come back to this later in the discussion. I just wanted to show some of the reasons why people who have tried to forecast the rate of unemployment have had some difficulties in recent years.

The next slide shows the growth of the Canadian labour force, 1953-73. The rapid increase in Canada's labour force can be explained partly by the natural growth of population reaching adulthood, partly by immigration and partly by the remarkable increase in the participation rates of the population, especially the participation rates of women. We see here the contributions year after year since 1954 of the three inputs, say, into the increase in the labour force. The blue portion is the increase in the working age population. In fact, it is the increase in the population that is available for work as traditionally defined. The red portion shows the contribution of participation rates. We can see that this component is particularly variable from year to year. I wish only to draw your attention to 1973, where the participation rate in terms of contribution to total increase has been perhaps double what had happened since as far back as 1955; even 1955 was exceeded. In fact, the increase in participation rate was the largest ever since 1953, in terms of contribution to the increase in the labour force.

**Senator Grosart:** Would you explain that phrase "participation rate"?

**Dr. Raynauld:** We define the participation rate as that proportion of working age population, 14 and over, which works or wants to work, so that includes the unemployed as well. The participation rate, being a percentage, shows that out of, say, 100 persons of 14 and over, 50 persons are available for work or do actually work.

**Senator Desruisseaux:** Are the trends in 1974, if they are available, approximately the same as or different from 1973?

**Dr. Raynauld:** I think in 1974 it is about the same as in 1973, a very substantial increase in the labour force, with a contribution of participation rate being substantial again.

Slide 4 shows the participation rates for men and women, 1953-1974. The female labour force has been increasing annually at a rate of about 5 per cent. While women account for 35 per cent of the Canadian labour force, they provide half the total labour growth each year. The male labour force has been increasing at a rate of roughly 2 per cent per year, consistent with normal population growth and immigration. In fact, the participation rate

of males has dropped slightly over the past 20 years, as we can see by the top line. It decreases very, very slightly as a result of more post-secondary education and early retirements.

Looked at another way, over the last two decades up to 1973, male employment grew by 25 per cent; female employment grew by 66 per cent, roughly the same rate of employment growth as among young people. We should not, however, take note of these aggregate developments on the supply side of the labour market without also considering the very large changes that have occurred in labour demand, and in particular in the different economic sectors. This is shown in the next slide.

This slide illustrates the distribution of the change in employment, 1961 to 1973. In the lower portion we can see the difference between 1961 and 1973 for each of six broad sectors. In the primary sector, on the left-hand side, there is a substantial decrease in employment in the primary industries. In manufacturing there is a slight decrease. Construction remained about the same. Transport, communication and other utilities shows a slight decrease. Trade is about the same. What is important to notice here is the very substantial increase in the service industries between 1961 and 1973.

At the top of the chart you see the cumulative changes from 1961 to 1973. It could be asked how much this increase in the service industries in the lower portion of the slide represents as a percentage the total increase in employment. At the top, the blue portion corresponds to the service industries. It represents about 50 per cent of the increase in employment. On top it is not very clear, but we move from zero to 100. In fact, each little line represents 10. On the right-hand side it corresponds to about 50 per cent of the increase in total employment being accounted for by increases in employment in the service industries.

We can see on the left-hand side the reduction in the primary sector, so we are off the chart, so to speak, below zero. We have the red line, which corresponds to approximately 20 per cent of the total growth. That 20 per cent is accounted for by growth in manufacturing and so on for the other portion. Allow me to give you a figure with respect to this evolution. In agriculture the number of farm owners dropped from 600,000 to 365,000 between 1953 and 1973. The average age of farmers now is over 45 years, where as the average age of the labour force is 34 years. In a 1970 survey only half of all farm operators in Canada identified self-employment from farming as a major source of their income. Thus, apart from the larger, highly specialized and capitalized farms, it is probably more appropriate to regard much of today's farm activity in Canada as independent family enterprises in which family members divide their labour time on various activities and employments at different times of the year. Much of the same observation applies to the fishing industry as well.

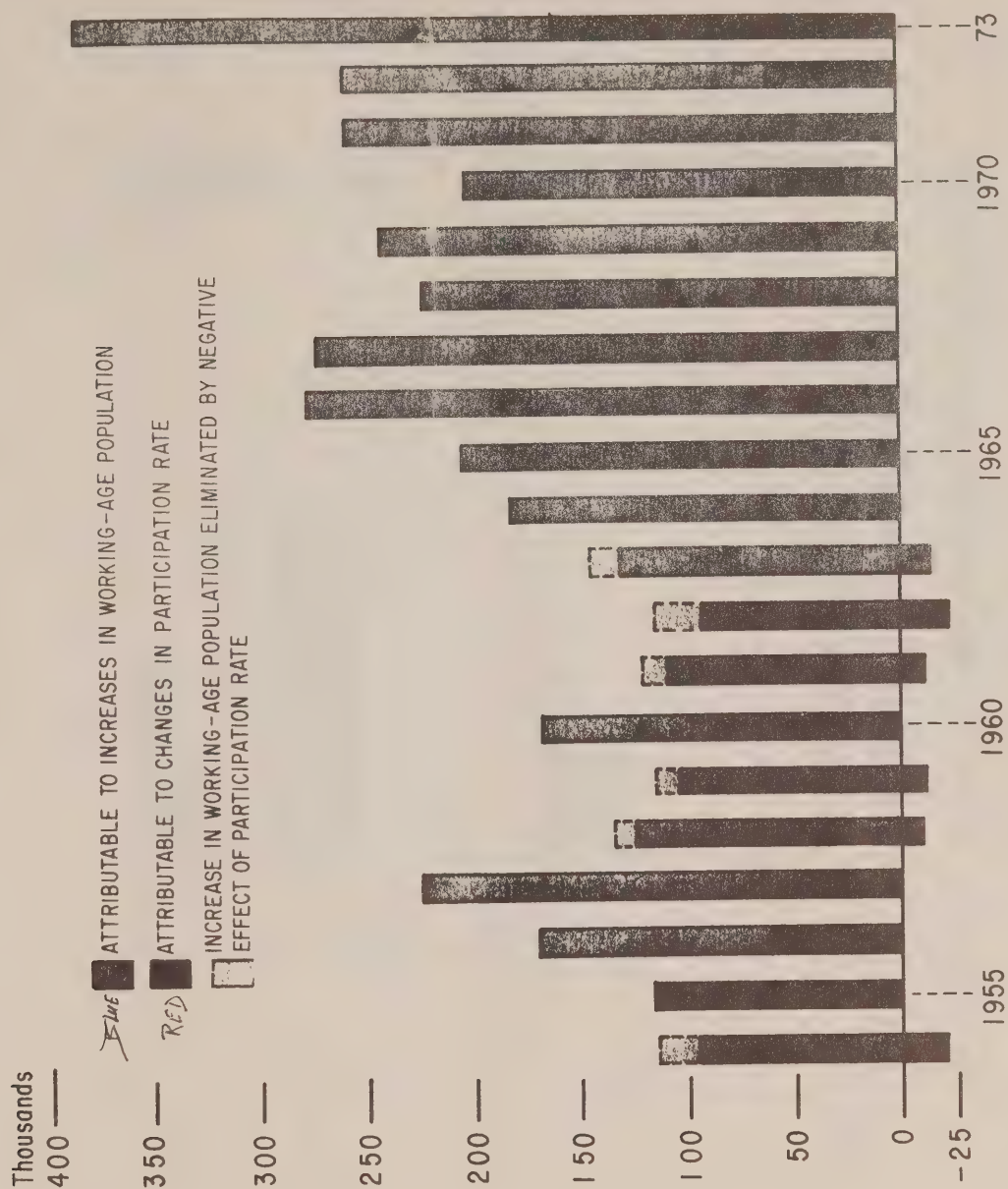
As for the mining, oil and gas, these activities have shown consistently high productivity gains through progressive modernization and development. Between 1961 and 1971 output increased at a rate of roughly 7 per cent annually. However, employment grew slowly until 1971 and since has been declining.

Employment has grown in absolute terms in manufacturing, but it has slipped in relative terms compared to most other Western nations, including the United States.



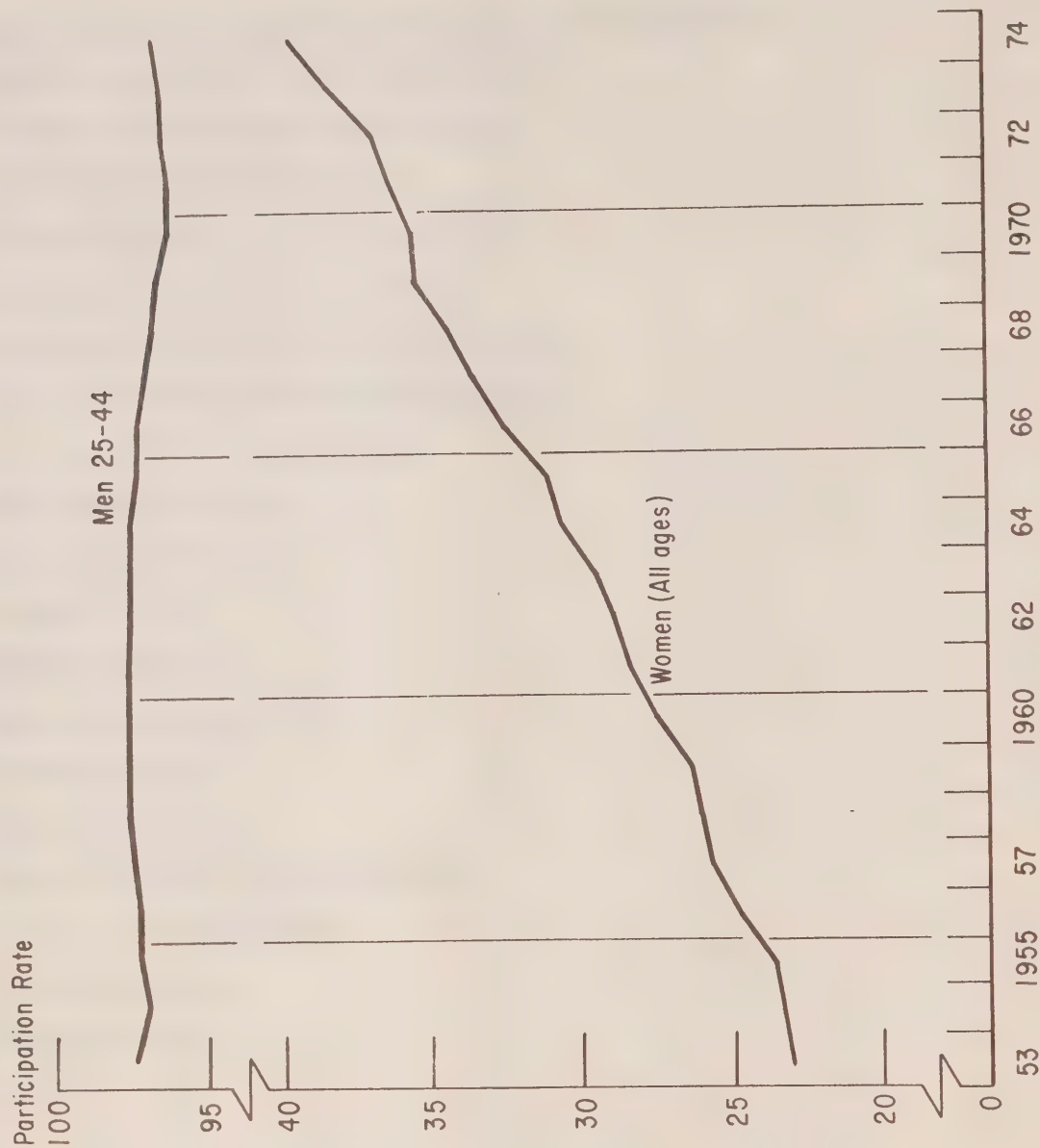
SLIDE 3

## Growth of the Canadian Labour Force, 1953-1973

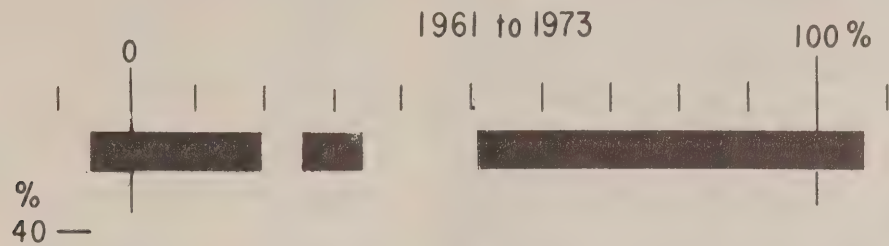


SLIDE 4

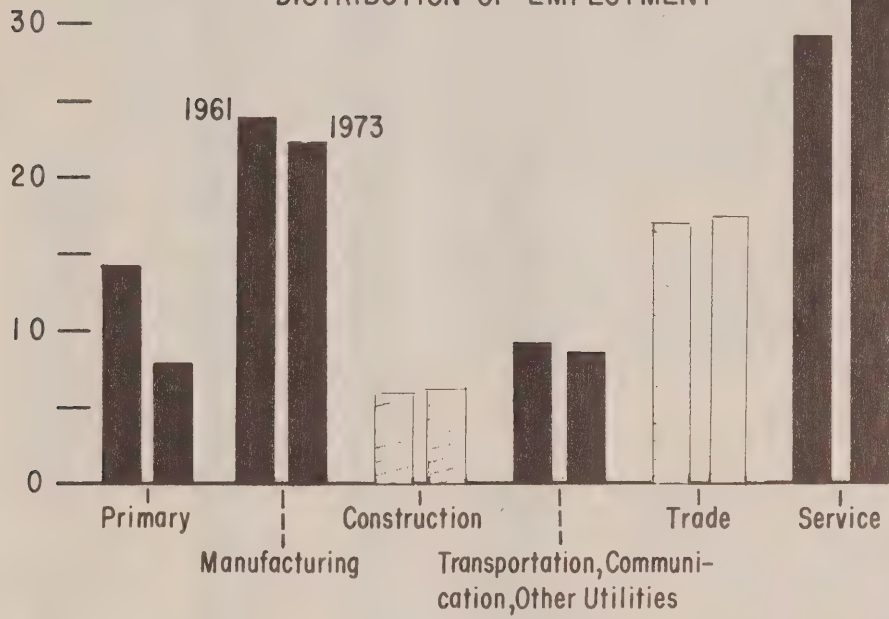
# Participation Rates for Men and Women, 1953-1974



## DISTRIBUTION OF THE CHANGE IN EMPLOYMENT



## DISTRIBUTION OF EMPLOYMENT



SLIDE 5



Indeed, Canadian manufacturing accounts for the least amount of labour utilization, 22 per cent of employed workers, of all major western nations. And while there has been some narrowing of the productivity differential in manufacturing vis-à-vis the United States, our estimates indicated that on average manufacturing costs are still running almost 20 per cent higher than in the United States. In comparison to most OECD countries we are tending to fall behind.

On the other hand, with urbanization, the shifting consumer priorities and the massive investments made in education, health, manpower and regional development, vast numbers of new jobs are emerging in the wholesale and retail trades, finance, government, education and other service sectors.

In the process, it is true that as fertility rates fall and families shrink in size we are becoming a progressively older society, in which more members of the population are working and, as a result, better able to provide more generously to those who are not. Per capita real incomes in Canada have been rising at an annual rate of 6 per cent per year. This year the gain will be less than that, but over half the annual per capita real gain has come about by the increasing participation rate of women in the work force and we cannot expect this to continue to increase indefinitely.

Such are the principal characteristics of the labour market in Canada. Nonetheless, we must admit—and I am coming to the essential part of this discussion—that the statistical indicators customarily used for analyzing labour market events offer only a poor reflection of the realities of worker choices and activities or the very vitality of the market itself.

By means of slide No. 6 we will be able to explain some of those complexities. If I may take the year 1972, this is a perhaps complex table, the top indicates the size of the labour force as of December, 1971 and the lower portion shows the figure for the labour force as of December 1972. So, in between we try to explain the changes. There are several ways of looking at it. The labour force in 1972 increased by 270,000 workers, which is indicated as 0.27 on the slide. Now, what happened in between? This is the interesting point. With a very small increase, of 270,000 on a net basis, we see an increase of almost 3 million workers who during the year joined the labour force from outside it. They are those who did not work or were not available for work before and decided at some time during the year to join the labour force. These are 3 million workers as compared with 8.6 million as shown on the top as being the labour force at any given moment. At the same time as we have this increase of almost 3 million workers entering the labour force, we have almost the same number leaving it, returning into the status of being outside the labour force. There is a little net external influence on the labour force, of 200,000, indicated by the 0.20 on the slide, which adds, of course, to the net difference we find here. This comes either from those entering the labour force or coming from outside and so on. So what we attempt to illustrate by this is the tremendous change that takes place in the labour market each year. That is not indicated by the net increase figures which we usually refer to.

We always use the net figures as shown as of December 1971 and December 1972. We have that month after month,

always on a net basis like this and we think that we miss by looking at the net flows, perhaps, the essentials. That is the tremendous change that takes place. We are not speaking of small numbers here, but of 3 million, more or less, as compared with 270,000 people.

We can be a little more dramatic still. I can say that through the year of 1973 there were over 4 million individual moves in and out of employment and over 5 million individual lay-offs or separations.

**Senator Carter:** Is that counting one person more than once?

**Dr. Raynauld:** Yes, it is possible. That is why here I am looking at 3 million and speaking of 5 million individual lay-offs or separations. It is possible that the same person may be counted more than once. Of course, this is compensated by new hirings of about the same order of magnitude.

**Senator Grosart:** At page 5 of the paper we have, that figure is given as 8 million. I query that.

Is that a mistake at the bottom line of page 5?

**Dr. Raynauld:** I think that in this case we must be counting moves in both directions.

**Senator Grosart:** No, it says "Individual lay-offs or separations", the same phrase as you used.

**Dr. Raynauld:** I believe it should be 5 million.

**Mr. Robert Jenness (Director of Labour Markets Group, Economic Council of Canada):** Mr. Chairman, the original quote on which that figure is based is cited in the footnote. The UIC official who made the statement indicated there were between five million and eight million individual separation certificates issued in the year. In the draft before you, senator, I believe we inserted the maximum figure. I think, Mr. Chairman, you are simply being more cautious at this point in time in taking the lower figure.

**Senator Grosart:** It is a big spread, three million.

**Dr. Raynauld:** It is very difficult to know. As you know yourself, we no longer have official statistics on hirings and separations.

**Senator Desruisseaux:** What is the reason for not having that?

**Dr. Raynauld:** That is a long story. Do you really want me to go into it?

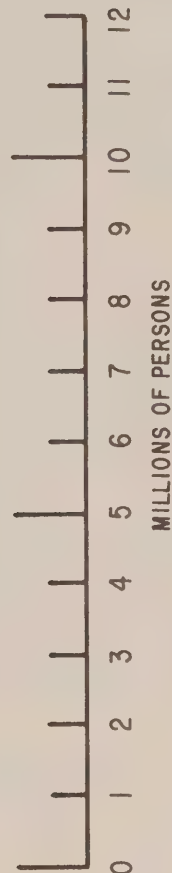
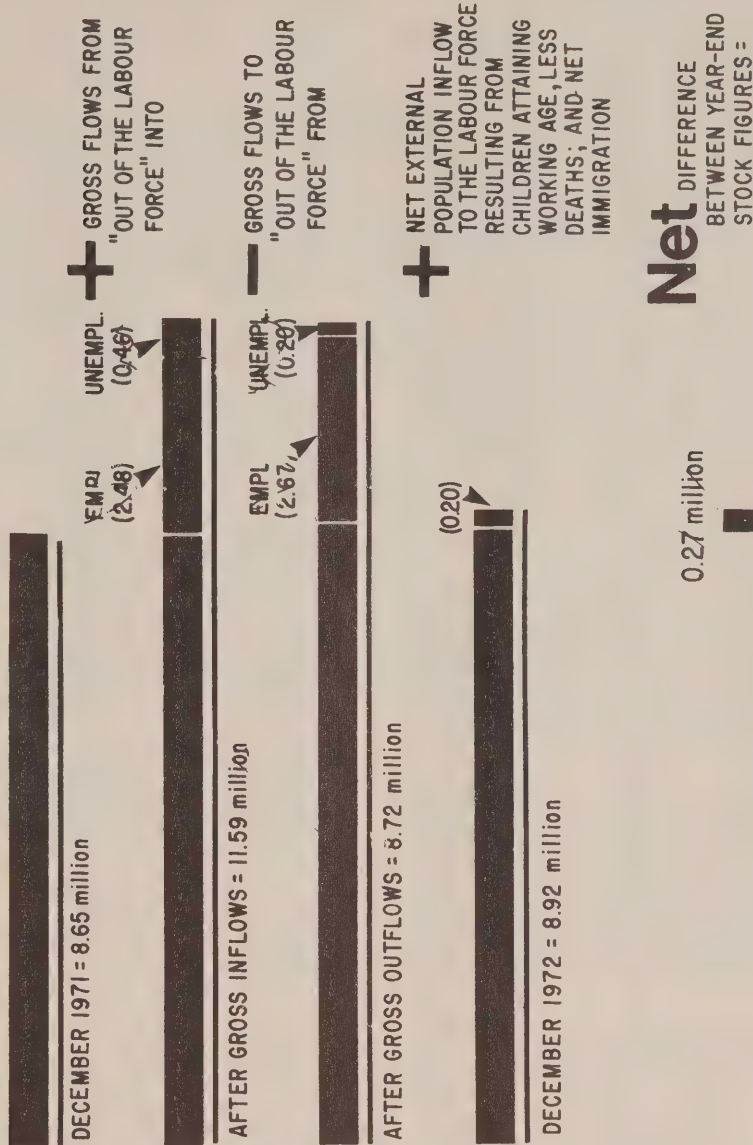
**Senator Desruisseaux:** I was curious, because whenever we drop something it is because it is of no use.

**Dr. Raynauld:** Well, I think, after the fact, we find it was of some use. The problem was whether it was accurate enough, whether it was consistent enough year after year. I would prefer not to go much further into the analysis of this particular survey, which was, in fact, stopped back in 1966 or so.

We can do this exercise—we have done it for a year—on a month-to-month basis. For some months, the figures are as dramatic as the ones we have just shown. Let us take a month sharply affected by the return of students to school—say, September 1973—just to see the full dimensions of the gross flow. In that month—I am sorry that all the figures will not be shown on the slide, but if we just remember the order of magnitude—for the month of Sep-

SLIDE 6

# The Size of Gross Labour Force Flows Relative to Net Changes in the Stock Figures, 1971-1972





tember 1973, with the return of students to classes, total employment decreased by 437,000 people. But in the process, 921,000 persons actually quit their jobs or were laid off—close to one million in September 1973.

On the other hand, 461,000 new hirings occurred, of which 327,000 came from outside the labour force, and another 134,000 previously unemployed persons found work. Over all, taking account of all the job market interaction in that month, the net number of unemployed dropped by 12,000; but because this reduction was lower than in other years, the seasonally adjusted unemployment rate rose from 5.5 per cent in August to 5.6 per cent in September.

That provides, again, the dramatic picture that we get when we look at the gross flows—what happens actually to individual people versus net statistics. They change very little, but behind those very small changes—for example, in the number of unemployed, which dropped by 12,000—we have close to one million people changing their labour force status.

Slide No. 7. That one is difficult.

Slide No. 7. That one is difficult. I will look at column No. 3. When we look at the gross flows, as we did on the previous chart, on an annual basis, and we compare those annual changes to the month-to-month figures we have, as in the first two columns, we can establish the ratio of the excess of people we are talking about, on an annual basis, as compared with the figures we usually use on a month-to-month basis.

The ratio, as is shown in the third column, is 1.24 for both sexes. That means that if you look at the persons on the monthly basis, and you look at that as being 100, you find that on an annual basis you have close to a quarter more people involved in what we are looking at. At this particular stage, we are looking at participation rates of men and women, both sexes, which in fact show that they are about a quarter higher on an annual basis than they are on a monthly basis.

The other interesting thing in this third column is that if you go down the column you find there are very wide differences between age and sex. That proportion goes up to 44 per cent for the total of women. In other words, close to half of the women go into the labour force or move out of the labour force on an annual basis, when you compare that with the month-to-month statistics.

For young men, 14 to 19, you have 1.46. That means 46 per cent more than what you have on a month-to-month basis. You can see also that for prime age males, or the stable portion of the labour force, those gaps are very small. In those cases you find, whether you calculate on an annual basis or a monthly basis, the difference is very slight. You see 1.03, 1.02, 1.04. That means you get only 2 per cent or 3 per cent more.

It shows, I think, in a very significant way the difference between what we sometimes call the primary labour force and the secondary labour force. By secondary we mean the labour force which has less attachment to the labour force—in other words, which work less regularly month after month or year after year.

We can see that on this column, I think, very clearly. In total we are talking about a quarter more people than we

have on a month-to-month basis. For women we move up to 44 per cent. For young women we move up as far as 60 per cent. That applies also, to a certain degree, to young men, 14 to 19.

This is the first lesson we can draw from that difficult table. The second one is the unemployment situation. I might draw your attention to column no. 5—persons unemployed at some time during the year.

Here again we are used to using unemployment statistics on a month-to-month basis. In this particular case, the figures shown there correspond to a 5 per cent average monthly unemployment rate. For each month of the year, you say, there is 5 per cent unemployment. What does that mean in terms of the total people who will experience some unemployment during the year? Well, for 25 per cent, it means 17.5. About three times as many will experience some unemployment during the year.

So this is one factor that is important. Three times as many will experience unemployment—17.5 per cent of the labour force, or in other words, close to one-fifth of the labour force.

The other factor to which I would draw your attention is the differences, here again, by age and sex. The important difference to note is with respect to young men age 14 to 19. As the chart shows, 30 per cent of this group will experience some unemployment during the year. For men in the 20 to 24 age group, the rate is 27.3 per cent. We can see the same high magnitude in respect of young women between the ages of 14 and 19 where the rate is 23.4 per cent.

**Senator Desruisseaux:** Are these figures based on the average of some years back?

**Dr. Raynauld:** Yes. In this particular case, the figures are based on a period of 10 years.

**Senator Desruisseaux:** A 10-year period ending 1973?

**Dr. Raynauld:** Yes. We do not have the figures for 1974.

**Senator Grosart:** With certain assumptions over the 10-year period, such as a 5 per cent growth, and so forth?

**Dr. Raynauld:** Yes, 5 per cent growth is the assumption. What we are attempting to show is not the actual unemployment rate, but the projected unemployment rate on a yearly basis, given the fact that it is 5 per cent on a monthly basis, and the rate on a yearly basis is based on the relationship between these two variables over the 10-year period 1963 to 1973. Translating those figures in terms of duration of employment, what you have to remember is that, on average, a typical unemployed is unemployed for a period of three months.

We have the same distribution by region as opposed to by age and sex. There is not much difference in the participation rate by region—at least it is not shown very clearly on this particular chart. We will see some differences later, but on this chart it is not very apparent. As far as the unemployment rate is concerned, we will come back to that a little later.

Moving on to slide 8, what we are attempting to draw to your attention here is the fact that the seasonality factor in the Canadian economy has been significantly reduced over the last 10 to 15 years. On this chart we show the typical



Expected Participation Rates, Employment and Unemployment, of all persons,  
Including Students Working or Seeking Work, at some time during the year,  
Assuming high Vacancy Rates and a 5% average monthly Unemployment Rate

SLIDE 7

## By Age and Sex

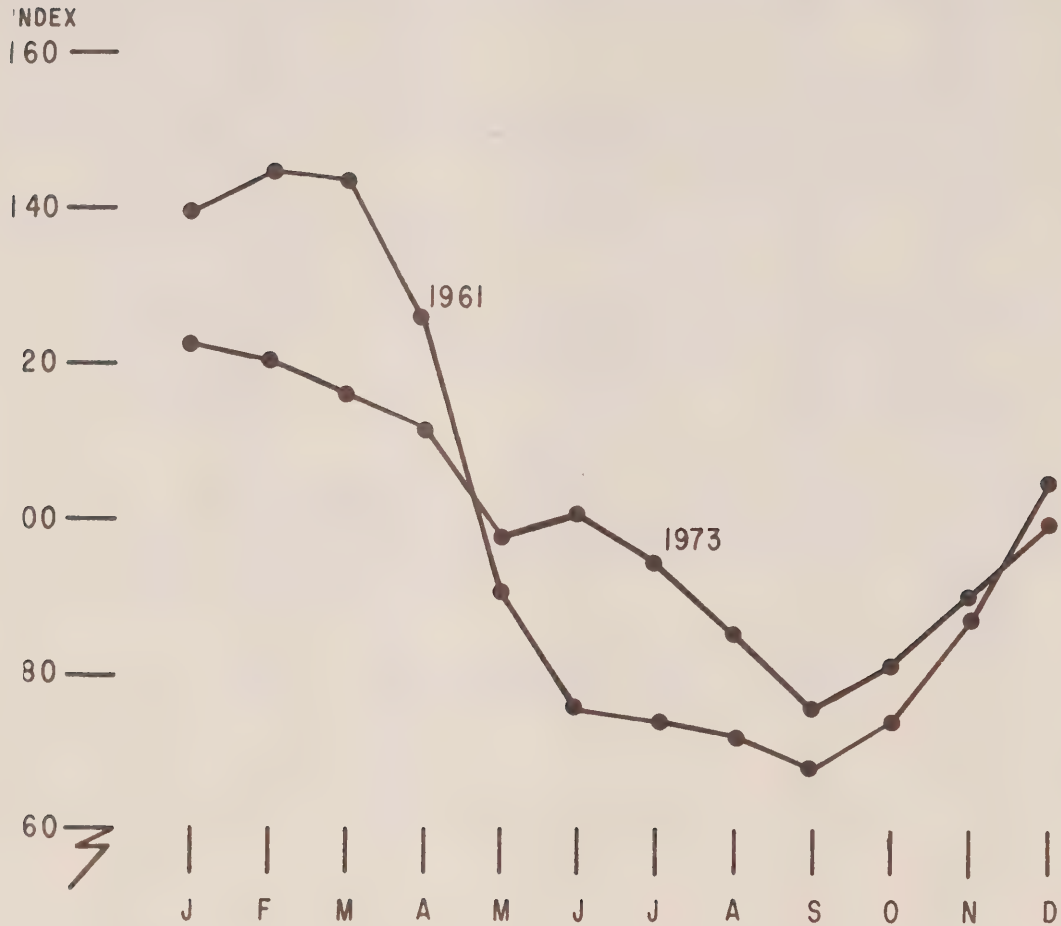
	PARTICIPATION RATES			EMPLOYMENT		UNEMPLOYMENT		
	At Some Time During the Year	Monthly Average	Ratio of Annual to Monthly	Average Period Employed for All Persons Employed at Some Time During the Year	Persons Unemployed At Some Time During the Year	Average Duration of Unemployment		
	(Per cent)	(Per cent)		(Months)	(Per cent)	(Months)		
Total Both Sexes.....	72.9	59.1	1.24	9.4	17.5	2.6		
Total Men.....	87.8	77.9	1.13	10.2	19.8	2.6		
Total Women.....	58.4	40.7	1.44	8.1	14.0	2.6		
Men, 14-19.....	67.2	46.1	1.46	7.6	30.0	3.1		
Men, 20-24.....	96.1	85.6	1.12	10.0	27.3	3.1		
Men, 25-34.....	99.4	96.7	1.03	11.3	16.7	2.4		
Men, 35-44.....	99.7	97.7	1.02	11.4	15.0	2.3		
Men, 45-54.....	98.7	95.0	1.04	11.2	16.1	2.4		
Men, 55-64.....	89.5	80.7	1.11	10.4	17.9	2.4		
Men, 65 and over.....	28.9	18.3	1.58	7.5	14.7	2.1		
Women, 14-19.....	59.4	37.3	1.59	7.1	23.4	3.2		
Women, 20-24.....	81.7	66.0	1.24	9.3	17.3	3.0		
Women, 25-34.....	64.1	45.9	1.40	8.4	13.5	2.6		
Women, 35-44.....	65.2	47.3	1.38	8.6	10.0	2.2		
Women, 45-54.....	61.8	43.9	1.41	8.4	9.2	2.1		
Women, 55-64.....	49.1	31.7	1.55	7.7	8.6	2.0		
Women, 65 and over.....	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.		

## By Region

	PARTICIPATION RATES			EMPLOYMENT		UNEMPLOYMENT		
	At Some Time During the Year	Monthly Average	Ratio of Annual to Monthly	Average Period Employed for All Persons Employed at Some Time During the Year	Persons Unemployed At Some Time During the Year	Average Duration of Unemployment		
	(Per cent)	(Per cent)		(Months)	(Per cent)	(Months)		
Atlantic Region.....	69.0	53.7	1.28	8.8	22.6	2.9		
Quebec.....	72.1	58.0	1.24	9.2	21.6	2.9		
Ontario.....	75.2	61.4	1.23	9.5	14.4	2.4		
Prairie Region.....	72.0	57.8	1.25	9.4	13.2	2.2		
British Columbia.....	73.0	59.4	1.23	9.3	19.7	2.8		

## SLIDE 8

## Seasonal Factors of Unemployment for Canada



seasonal pattern of unemployment in 1961 as compared to that same pattern in 1973. It is clear from the chart that in the winter months unemployment in 1973 was much lower than was the case in 1961. Correspondingly, during the summer months, unemployment is maintained a little more in 1973 than was the case in 1961.

One of our studies has suggested that the male labour force accounts for roughly 95 per cent of seasonal unemployment, largely because of male dominated construction, forestry and fishery industries, which employ less than 15 per cent of all workers, but contribute close to two-thirds of all seasonal unemployment. These figures are, to a certain extent, deceiving, as they focus on unemployment and ignore those who ceased looking for work. Moreover, they ignore the considerable countervailing seasonality, particularly with respect to the female labour force. Overall, our study suggest—and this may be another estimate—that roughly one-fifth to one-quarter of the aggregate unemployment rate in Canada is attributable to the seasonality factor in our economy. In the course of our labour market study, the issue of job dissatisfaction and worker turnover was constantly impressed upon us. The issues are difficult, undoubtedly varying from industry to industry, firm to firm, and worker to worker. Moreover, little objective data, other than hearsay, existed on either score. We were fortunate in obtaining access to the two attitudinal surveys carried out on behalf of the Department of Manpower and Immigration, the results of which were recently released. On the matter of turnover, however, there was just no recent data available. The last survey of hirings and separations was in 1966. For that reason, we undertook several small surveys, one of employers and the other of employees, as revealed by a random sample drawn from Canada Pension Plan contributors through the years 1968 to 1973.

Slide No. 9 shows some of the results of the surveys. Before going to the slide itself, let me say, in general terms, that these surveys confirmed the high degree of turnover and fluidity in the Canadian labour market. They also confirmed the very wide differences in labour turnover between and within industries, as well as between age and sex groups. There are several ways of measuring turnovers. We defined it as the number of persons laid off or who quit during 1973 divided by the total payroll. On average, we found that roughly 28 per cent of the employees reported in the survey of firms left the payroll sometime during 1973—28 per cent being a figure not inconsistent with the general data on the job mobility of Canadians which I cited earlier. As can be seen on the slide, the turnover rates varied widely between industries and between firms. The two extremes shown on the chart represent the rates of turnover for actual firms, and the line in the middle represents the average of the particular industry group surveyed. Taking the mining industry first, the two extreme lines represent specific firms. It can be seen that one firm had a rate of turnover of about 100 per cent during the year 1973 and another had a rate of turnover of 40 per cent. Pulp and paper also shows an extremely high rate of turnover. What is more striking, to me at least, are the wide differences between firms in the same industry group. There is not a great deal of difference in the rate of turnover on the low side in mining as compared with the low side in durable goods manufacturing or the low side in trade-wholesale and retail.

**Senator Croll:** How do you explain a turnover rate of that magnitude in a prosperous industry such as pulp and paper?

**Senator Grosart:** It would be a seasonal factor, to some extent.

**Dr. Raynauld:** It is difficult to isolate the reasons, senator. We would have to make further examination of each particular firm included in our surveys. At first sight, we believe the difference is probably due to either the location of the firms in question or, perhaps, the kinds of output of the firms in each industry group. Certainly, the differences have something to do with the firms rather than the workers.

**Senator Carter:** Would it be because you are including the forestry industry with the pulp and paper industry?

**Dr. Raynauld:** We have firms, particularly in this industry, who do move in a wide spectrum from forestry to paper, boxes and things like that. Those are not the usual statistics we present on an establishment basis. Those are statistics for firms. We could take any firm that comes to mind. We would have a wide spectrum of activity within each firm, so the kind of activity the firm concentrates on may be an explanation of why its rate of turnover may be different from another firm nominally in the same sector, but in fact doing something that might be substantially different.

**Senator Grosart:** Would pulp and paper be manufacturing, or would it take in wood operations and everything else?

**Dr. Raynauld:** I think it would take in both, because the survey was made on a firm rather than activity basis.

**Senator Grosart:** So it would not be very meaningful to compare an industry that would be highly seasonal, such as mining or pulp and paper, with others, such as telephone companies. There is not much meaning to this chart, is there?

**Dr. Raynauld:** What is interesting, it seems to me, is that within the same group there may be firms with a very low turnover rate and others with very high turnover rates.

**Senator Grosart:** That is not this chart; that is another chart.

**Dr. Raynauld:** It is this chart. Within mining there is a firm which has a very low turnover rate. As I said before, this chart appears to mean more in terms of variability within the same sector than perhaps from one sector to another, for the very reason that you have given; the survey being made on firms, there is a very different mix of production kinds of activities in each one.

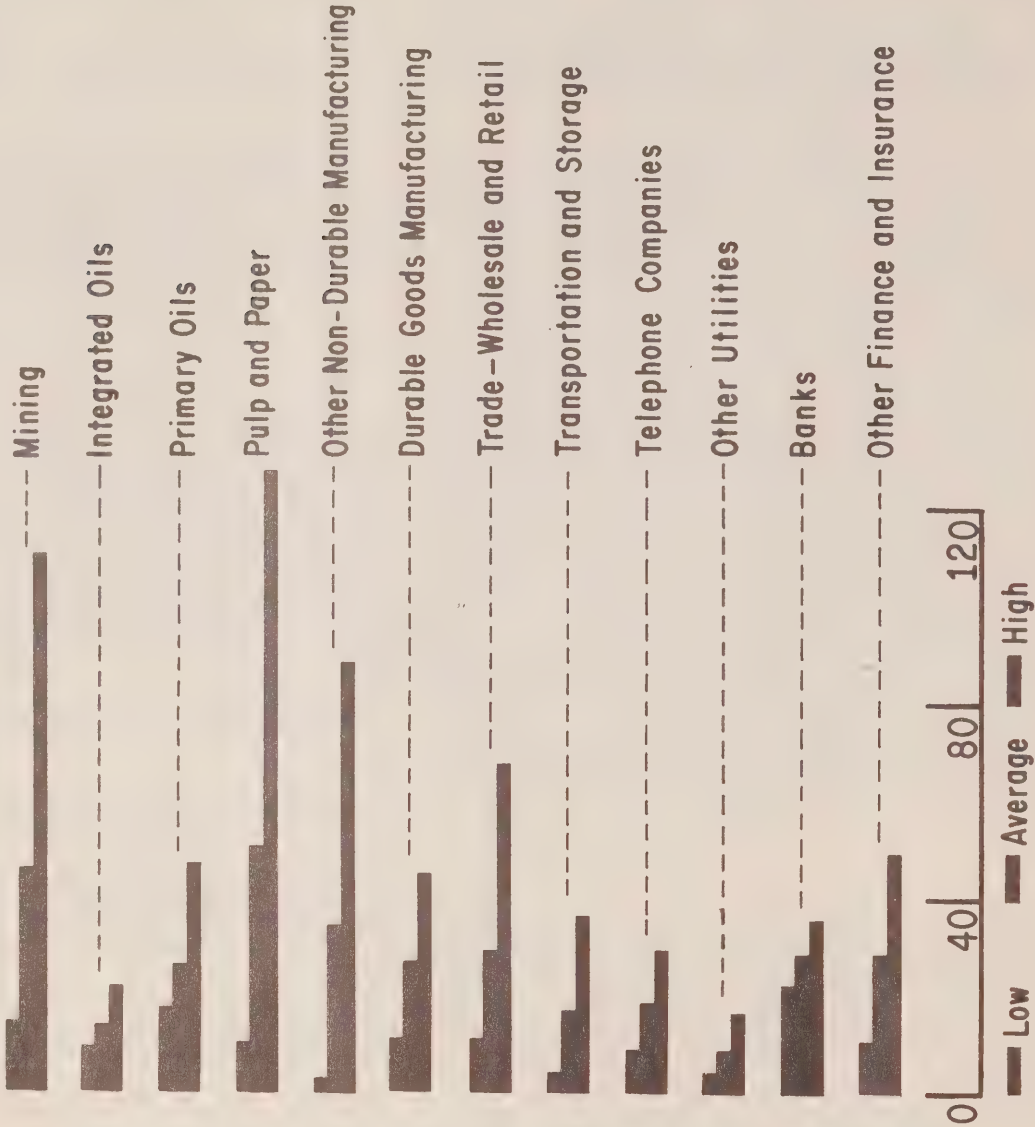
**Senator Grosart:** But, of course, taking a mining firm doing mining of asbestos in southern Quebec as against one in Yellowknife or Great Slave Lake, I suggest the comparison is not very meaningful.

**Dr. Raynauld:** We do not want to claim too much for this anyway. It indicates that the turnover rate is indeed a problem for some industries. These turnover rates are substantial. They are also very different from one firm to another. Perhaps it indicates lastly the need to have some more data on this sort of thing.



SLIDE 9

Employee Turnover Rates for Companies  
Surveyed in Selected Industries, 1973



The next slide shows job permanency by region, 1968. Another way to look at turnover is to look at employees rather than firms. This chart is based on data from the Canada Pension Plan. It is a sample we have taken. On the left-hand side we show males. In the Atlantic provinces it shows that 50 per cent of males will after 2½ to 3 years have left the job they had at the beginning. There is not much difference between the provinces for males. For females some differences can be seen for the Atlantic provinces. It shows that when somebody has kept a job for two years in the Atlantic provinces, they are likely to keep it more than in some of the other provinces.

The next slide shows job permanency in Ontario (age in 1968). This shows the same problem in a different way. It shows it by age rather than by region. Again it is a sample. It is a particular case, Ontario only. It shows the percentages for males and females. Again the table must be read carefully. On the left-hand side of the chart, I draw attention to males aged 18 to 24. That means that after one year about 60 per cent or so of those people have left their job after one year. On the other side, it shows that after two years 30 per cent have kept their jobs. Therefore, at least 70 per cent left their job after two years. That tends to stabilize after a while. Also for the 18-to-24-age group we can see that if somebody has kept a job for two years he is not likely to lose it as fast or to quit as fast after this first two-year period. We also have what is expected in terms of the comparison between age groups. People keep their jobs a little longer when they are older. What is striking is that even for those aged 45 and over, during the first year or year and a half 20 per cent or more quit their job.

The significant difference with females is with respect to the young, in the 18-to-24-age group, where the rate of turnover is substantially higher. It shows that after five years there is not one aged 18 to 24 who is still in the same job as she was five years before; or it is close to zero. It goes down very fast for the first year or two, after which it tends to stabilize a bit.

**Senator Grosart:** Is this quits only, or quits plus layoffs?

**Dr. Raynauld:** Quits plus layoffs.

**Senator Grosart:** Separations.

**Dr. Raynauld:** Yes, separations, including somebody becoming sick.

Now let me make some more general comments on these flows that we have shown. I think it might be appropriate to consider some phenomena related to those. One of the phenomena is part-time work. We have figures showing that fully one-quarter of all females and 7 per cent of all males now work less than 35 hours a week at part-time jobs. Their numbers have been increasing over the years. Not all of this is voluntary. We would suppose that many would want to work full-time if they could. Estimates have been made of the impact on the unemployment rate if persons working in part-time employment were excluded, and this suggests that it might be only lowered by 0.3 of a percentage point. I refer to this because with the number of part time employees growing year after year we might think this is one reason why the rate of unemployment is going up. We therefore made a calculation to show what would happen to the rate of unemployment if we were to

exclude all part-time workers. It was found that this would not have a significant effect on the rate of unemployment.

It would be reduced by only 0.3 of a percentage point. However, by the same token, if one assumed that many of those currently working part time would work full time if such employment were available and made appropriate adjustments in the labour force data, one would come out roughly with the unemployment rate as it is.

Another area of concern has to do with the duration of times that people are unemployed. If jobs are unavailable of course, individuals have little control over the situation, but if jobs are available if they remain idle becomes an issue. For example, if overall it were now possible to reduce the average reported length of unemployment by one month, this alone would lower the aggregate unemployment rate by close to 2 percentage points.

How much effort is being put into the job search process by unemployed persons? We have noted in this connection that a recent Statistics Canada study suggested that among those who periodically engage in a job search, one-third are already employed, one-third unemployed and one-third are persons such as students, wives and newly-landed immigrants from outside the labour force. As implied by our earlier data on turn-over, roughly half are under 25 years old. Generally, most of the persons surveyed, whether young or old, male or female, showed a pretty weak effort in searching. They averaged less than two responses to advertisements or contacts with employers per month, less than two. Young people were slightly more vigorous than older persons in their search for jobs, but also were more willing to accept temporary jobs, where mature workers preferred to wait for jobs offering some security.

**Senator Croll:** When you say two responses to advertisements, what about Manpower? Were these people on Manpower's neck all the time?

**Dr. Raynauld:** We give this in just one moment.

It is apparent from a number of surveys that have been made by Statistics Canada, the Department of Manpower and Immigration and other agencies, that Canada Manpower centres are used quite extensively by persons looking for work. Nonetheless, less than one in six job searchers find employment through CMCs, although three out of four contact the centres. In fairness, however, it must be added immediately that in any one month there are likely to be six times as many clients seeking jobs as there are registered by employers.

**Senator Hicks:** As there are job vacancies?

**Dr. Raynauld:** As there are jobs registered by employers at CMCs. One can understand the frustrations of both job searchers and CMC counsellors, particularly when two out of three CMC referrals to employers are turned away.

Does that answer your question, senator?

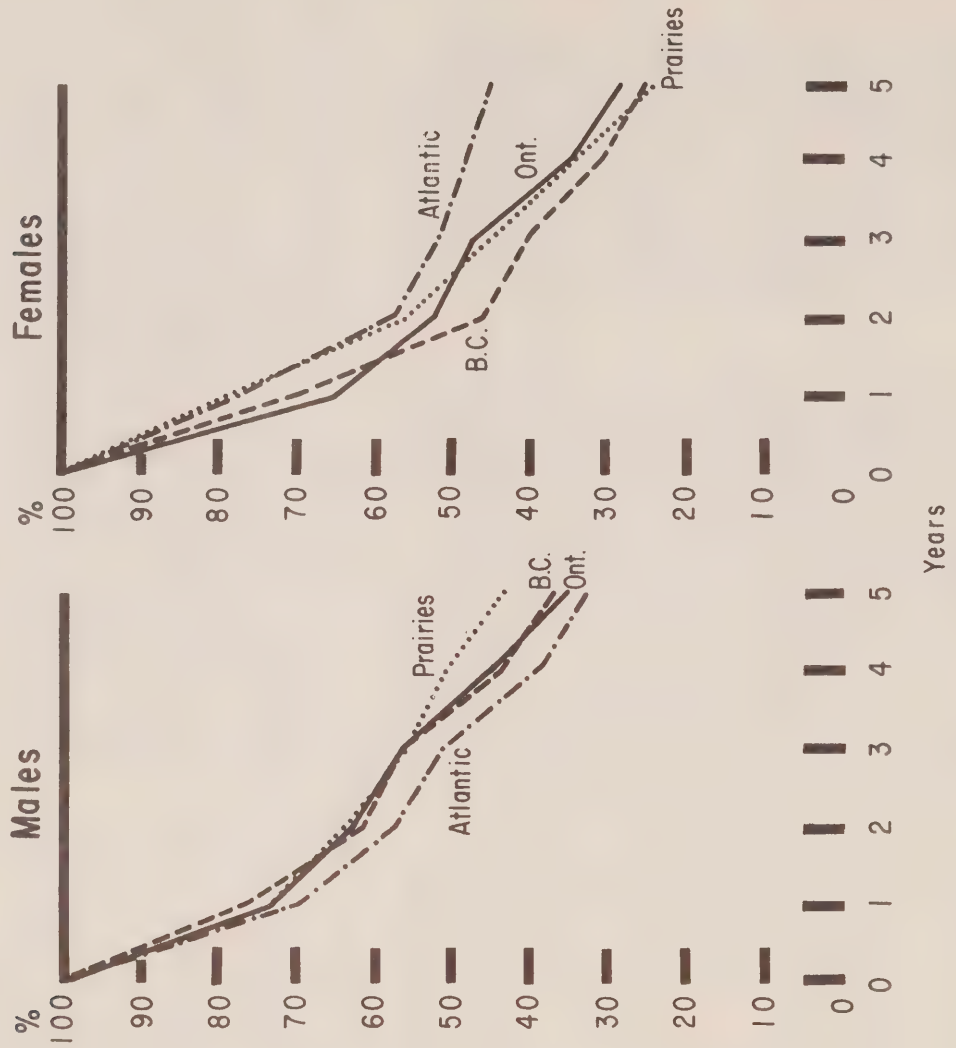
**Senator Croll:** Yes.

**Dr. Raynauld:** Let me now deal with some regional matters. The existence of widely differing unemployment rates from one region to the next in Canada has long been with us.

I might ask for slide No. 12.

SLIDE 10

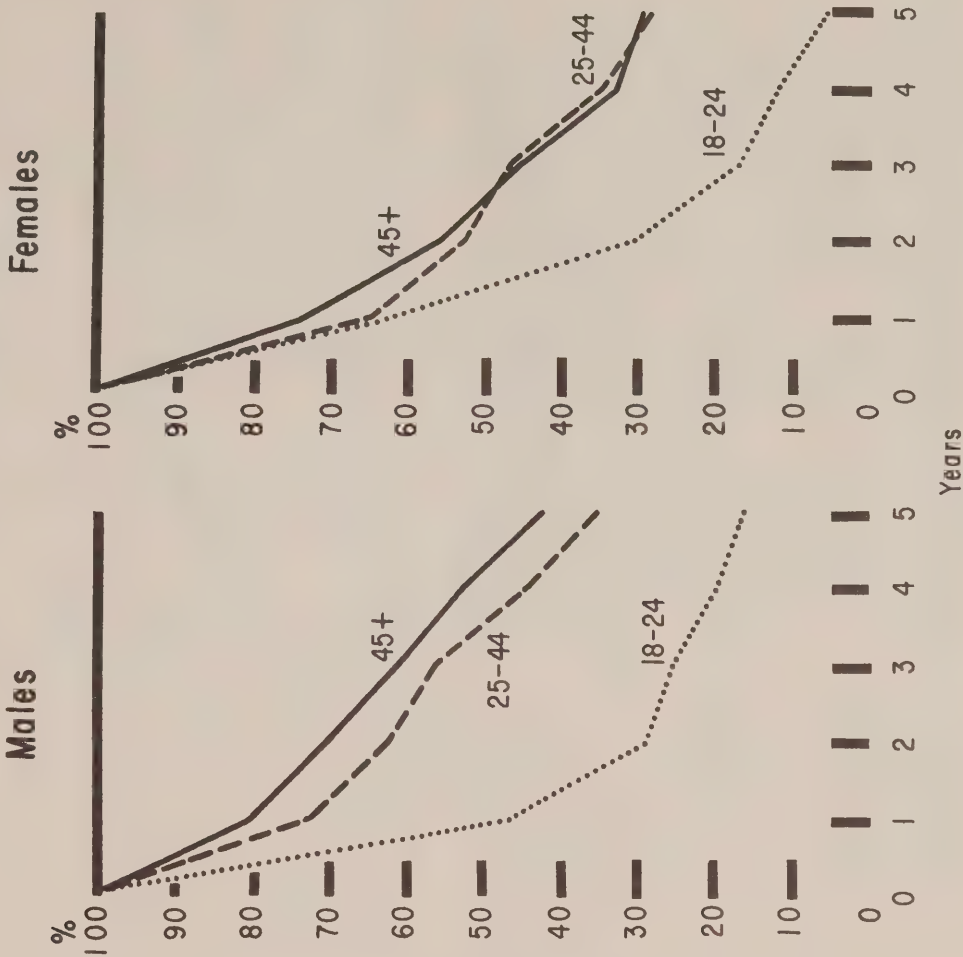
# Job Permanency by Region, 1968





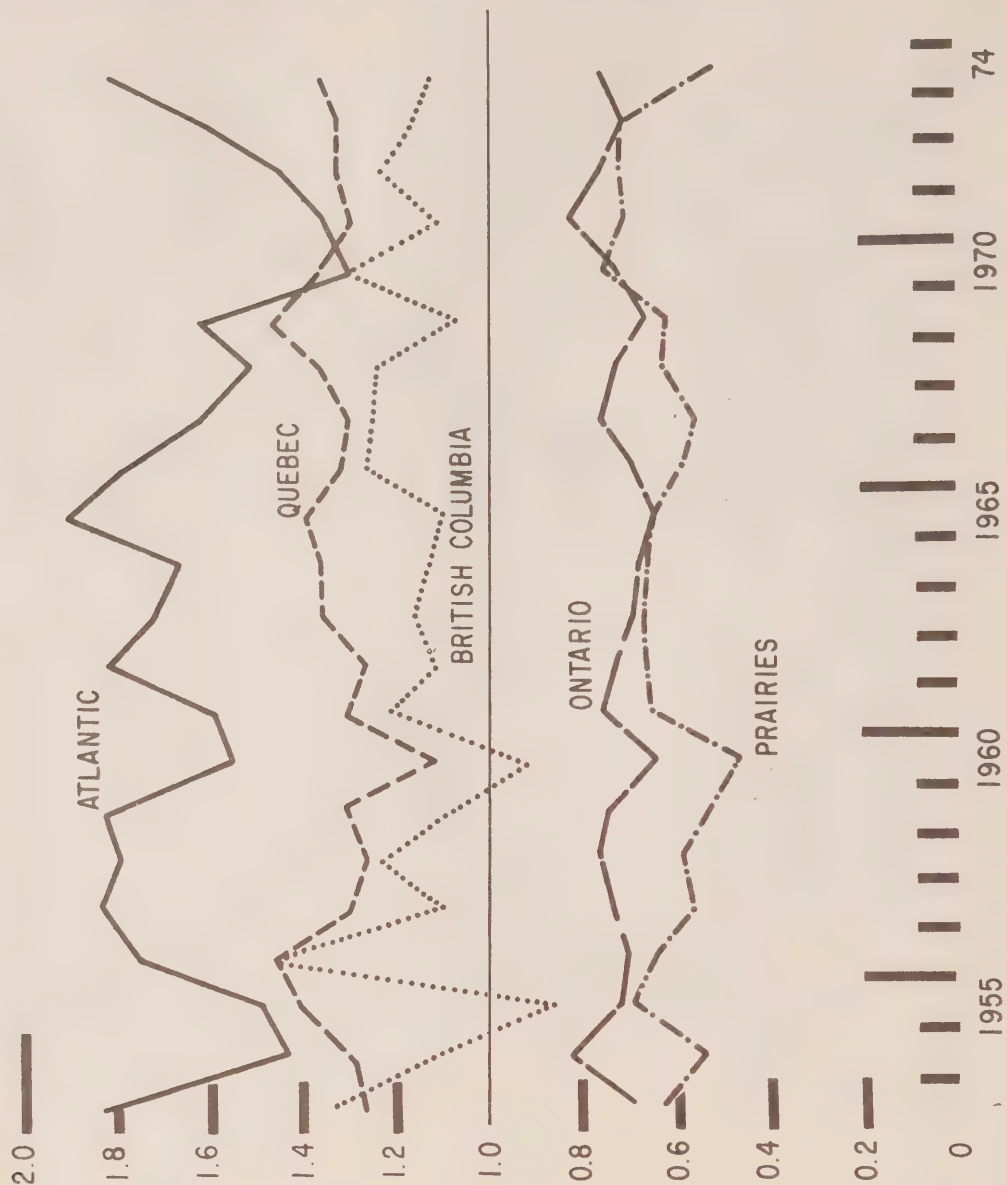
SLIDE 11

Job Permanency in Ontario (Age in 1968)



SLIDE 12

# Relative Unemployment Rates by Region, Canada, 1953-1973



Much of these differentials between provinces and regions are deep-rooted and persistent. Why? We are currently carrying out a number of studies to probe in depth the causes of persistent regional differentials in Canada, but several points can be made in a rather broad-brush way. It has been estimated, for instance, that roughly two-thirds of the differential in unemployment rates between Ontario on the one hand and Quebec and the Atlantic regions on the other is due to "great labour market inefficiency", while the other third results from inadequate diffusion of aggregate demand associated with patterns of investment in Canada and the relative prices of labour and capital. What is meant by "labour market inefficiency"? Essentially it is differences in age, education and skill mixes in the respective labour forces in each region. They also involve the too narrow range of supportive industries which increase costs of production and reduce the opportunities for alternative or supplementary employment. They involve, thirdly, the profile of activities, such as seasonal nature of activity which influences the availability and the returns to workers.

**Senator Desruisseaux:** Mr. Chairman, if I may at this time ask a question which is not pertinent in this context at this time, I wonder if the same relative unemployment rates have been experienced in sectors of industries in Canada.

**Dr. Raynauld:** Yes, we have an idea, but we do not usually wish to pay too much attention to the rates of unemployment by industry, because we know that if the general economy is good at a certain point in time that an industry laying off some workers and indicated as creating unemployment will, in fact, not create unemployment, because those workers will be taken up immediately by another industry. If, on the other hand, you are speaking of an economy in which the demand is relatively low at that point in time, the same workers laid off by the same industry may be unemployed for a long time. So when we indicate rates of unemployment by industries in this manner we always must be careful not to interpret it that those industries are in fact creating unemployment. They do not create unemployment. It is unemployment which is associated with certain industries, so we do not see too often a rate of unemployment given by industries such as this, because I think it can be misleading.

**Senator Desruisseaux:** Dr. Raynauld, I was really thinking of, for instance, the textile industry, with respect to which I spoke a few days ago and the fact that if it creates unemployment it would not be as much its fault as that of the conditions imposed upon it by the financial arrangements this country has with others, whereby imports are allowed at depressed prices.

**Dr. Raynauld:** In general terms, I would like to say at this point that if we think it would be useful to look at those who are, so-called, responsible for unemployment, we could say the same thing. I think we are misleading and, perhaps, kidding ourselves a little. I do not believe that identifying industries as causing unemployment is a way to improve the situation. Nor how we will make our way through to the solution of these problems. This applies to a certain extent to some statistics that sometimes are used, such as those you mention, which associate rates of unemployment with specific industries. That is a very tricky business and, personally, I am not too fond of such an approach.

**Senator Desruisseaux:** I can understand that at this stage.

**Dr. Raynauld:** The next slide illustrates employment by region. This is a more or less standard slide, in which we just reckon what we already know, that British Columbia and Ontario in the last 20 years have had a much more rapid rise in employment than the other provinces. The slower provinces in this respect are the Atlantic provinces, the Prairie provinces. Quebec, as usual, is in the middle.

**Senator Croll:** In considering it without having the figures, the position of the Prairies strikes me as being better than it appears on the screen. That is my reaction. Is that not so?

**Dr. Raynauld:** In some of the Prairie provinces there are some compensating changes. I would think that if we were to separate Alberta during the last five to eight years we might find a very substantial difference.

**Senator Croll:** Yes.

**Dr. Raynauld:** The province of Alberta is grouped here with Manitoba and Saskatchewan, which might display some opposite trends. So grouping them together illustrates the average. We certainly could provide figures with respect to unemployment related to provinces, to present the evidence to which I have just referred. I think this is the main reason.

Slide 14. I would want to terminate this presentation by raising two additional problems. The first, which will be discussed in relation to this slide, refers to employment opportunities, particularly for women. We all know that those opportunities vary considerably by region and local communities. In the larger metropolitan areas it is easier for women to find jobs, and this manifests itself in higher overall participation rates, as shown on the slide. Nonetheless, distinct differences exist between regions in female participation rates, as for example between Quebec and Ontario, which show up when we compare the overall participation rates between metropolitan areas, between medium size cities and fairly remote towns.

According to the 1971 census, Toronto had an overall participation rate close to 66 per cent—65.9—for persons 14 years and over, whereas in Montreal it was only 56 per cent.

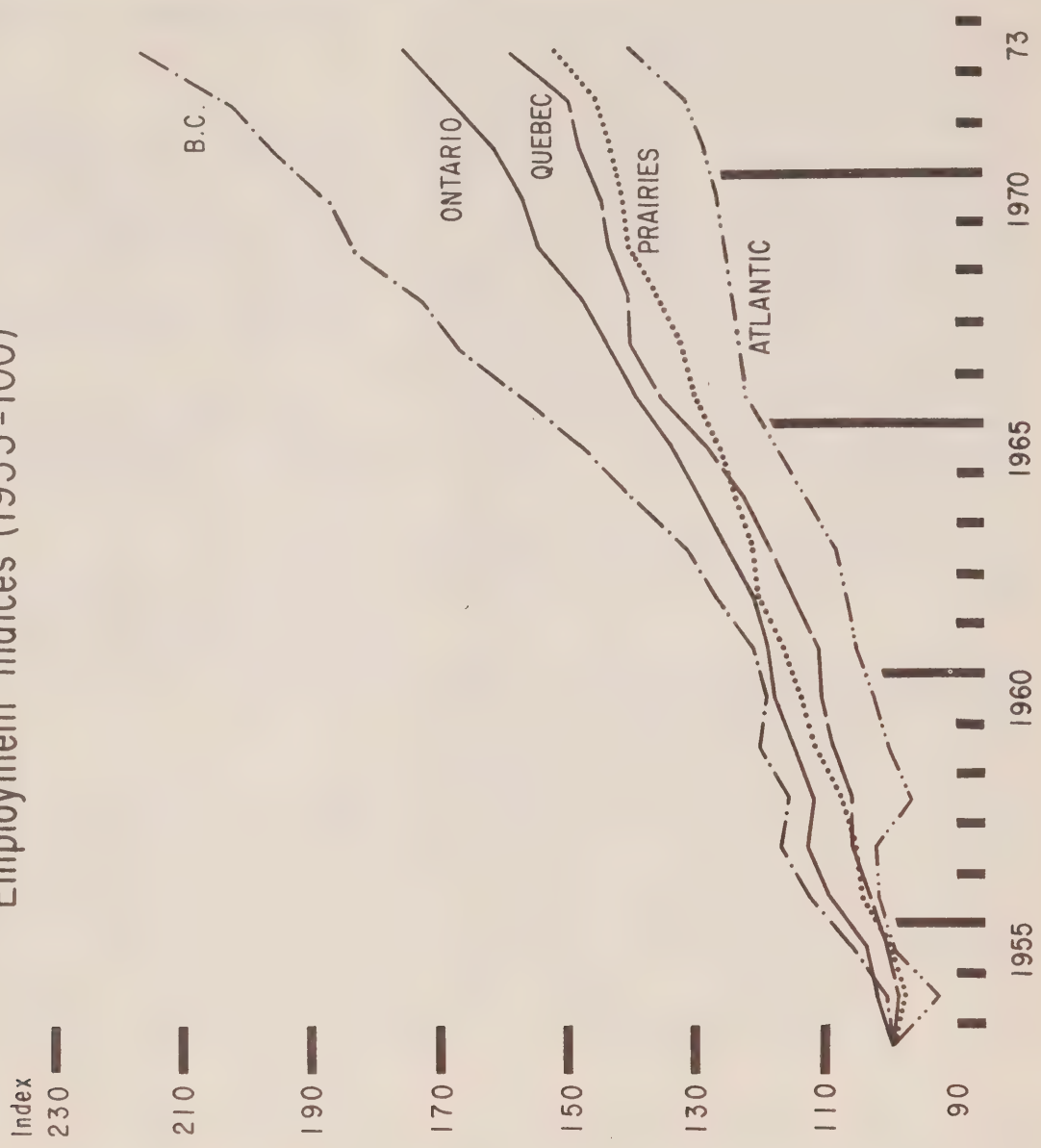
It might also be observed that the fact that there is more than one family member in the work force may in itself be contributing to the higher upsurge levels of unemployment. For this frequently means compromises, which inhibit one breadwinner or the other from finding suitable work. Women with families often can work only certain times of the day or at nearby locations, and if they are laid off or quit, no similar jobs may be at hand.

Again, if the husband moves to a smaller town, where there is often lack of jobs for women, the wife's employment chances may be slim. We see this, for instance, in the overall participation rates for Kapuskasing, Chicoutimi-Jonquière. Indeed, for this reason, a married man may be reluctant to go to outlying resource based towns despite higher individual wages, since lack of jobs for women would effectively reduce the family income.



SLIDE 13

# Pattern of Regional Employment 1953-1973 Employment Indices (1953 = 100)



## SLIDE 14

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**Participation Rates by Community, 1971 Census****ONTARIO**

Toronto ..... 65.9  
Mississauga ..... 67.6  
Hamilton ..... 60.2  
Guelph ..... 62.8  
Kapuskasing ..... 54.3

**QUEBEC**

Montreal ..... 55.8  
Pointe-Claire ..... 58.3  
Quebec ..... 51.8  
Sherbrooke ..... 54.3  
Chicoutimi-Jonquière ..... 47.2

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From employers' points of view, this translates into a shortage of skilled manpower. From the worker's point of view, it is simply common sense to stay in larger urban markets where there are more diversified job prospects for all members of the family.

Looking ahead, at the last slide, one might make one additional point: by 1981 close to two-thirds of Canada's new entrants into the labour market will have at least high school education. There is considerable evidence now that many of our young people would welcome more challenging jobs, and others are frustrated by what seems to be artificially established job barriers and job entry requirements.

Even though at this juncture we would not want to comment on the fundamental issues raised in the recent Green Paper on Immigration, because we have not given detailed study to the matter, we will, however, in the Twelfth Annual Review to be published this fall, come up with some projections of population in the longer term, and we will present some estimates of different immigration assumptions.

Suffice it merely to say in this respect that by and large working people, native born or immigrant, tend to go where the pace of economic activity is strongest. Ontario and British Columbia have been the major centres of growth and the major beneficiaries of immigration. In a global sense, of course, immigration contributes to demand stimuli, no less than to the labour supply, and not least to the demand stimuli in the residential construction, food and service areas. Our current rate of population growth, even with fairly high levels of immigration, is down to a level not experienced since the 1930s and by 1980 this will manifest itself in a sharply reduced inflow of Canadian born into the work force. It may well be that we will then look to immigration to play a larger role than seems necessary at present. This last observation is illustrated on slide No. 15 with the projection of the labour force. In fact, we have two projections. One is more optimistic and the other is a little less. In both cases you can see that around 1985 or so we will be substantially below the long-term trend line of growth in the labour force.

**Senator Croll:** The two projections are made on a different basis?

**Dr. Raynauld:** Yes. We have mentioned that, but you cannot read them from here. There are two assumptions. One is about net immigration. One is the optimistic projection, which is based on net immigration of 100,000 per year. The second, the less optimistic one, is based on net immigration of 60,000 per year.

**Senator Croll:** That is the 60,000?

**Dr. Raynauld:** Yes; the lower one is based on 60,000 net immigrants per year. We also have two different assumptions about fertility rates.

**Senator Hicks:** What do the fertility rates express—the 2.6 and 1.8?

**Dr. Raynauld:** It is the number of infants born to every thousand women between each of the reproductive age limits (15 to 45 years).

**Senator Hicks:** During the child-bearing lifetime of the woman?

**Dr. Raynauld:** Yes.

**Senator Hicks:** The chart says "Labour Force Increase (%) during Intercensal Period." The average between 1961 and 1971 is 23.04. That is the increase in the labour force per decade, is it?

**Dr. Raynauld:** That can be translated into a rate of growth on an annual basis of 2.5—again as the trend line.

**Senator Grosart:** My first question would be, when are we going to stop using this silly term "fertility rate", which is purely incidental to the rate of family formation? I merely make that observation. It is part of the jargon of the business, which always seems to me to be ridiculous. First, let me say how glad we are to have you here, Dr. Raynauld, particularly because of your long interest in the whole question of manpower policy on behalf of the Economic Council.

You will recall that it is perhaps no accident that in your first and second Reviews, 1964 and 1965, you emphasized the need for a manpower policy; and after your first two reviews the government seemed to take immediate action, because the Department of Manpower and Immigration was set up in 1966. We have pursued it over the years, and in your now famous Eighth Annual Review you used the manpower policy as your major discussion centre on the whole question of government decision-making.

So my first question relates to two apparent criticisms you made, and which were made in the Eighth Annual Review of manpower policy, as it then existed. The first—I think an implied criticism—was of an over-emphasis in government manpower policy on the growth factors, as against the equity and stabilization factors. Do you think there should have been improvement, and has there been any improvement, in the policy approach, the strategy approach of the Department of Manpower and Immigration?

**Dr. Raynauld:** I am a little lost as to why you make a relationship between growth and equity in relation to the policy direction of the Department of Manpower and Immigration.

**Senator Grosart:** Perhaps I can read the quotation:

The above evidence shows that the Canadian government's strategy in the field of manpower policy is primarily a growth strategy, with the objectives of equity and stabilization clearly being secondary.

I am not making the comparison. It goes on to say:

This strong emphasis on growth and efficiency provides a sharp contrast with the manpower strategy of other countries, notably the United States.

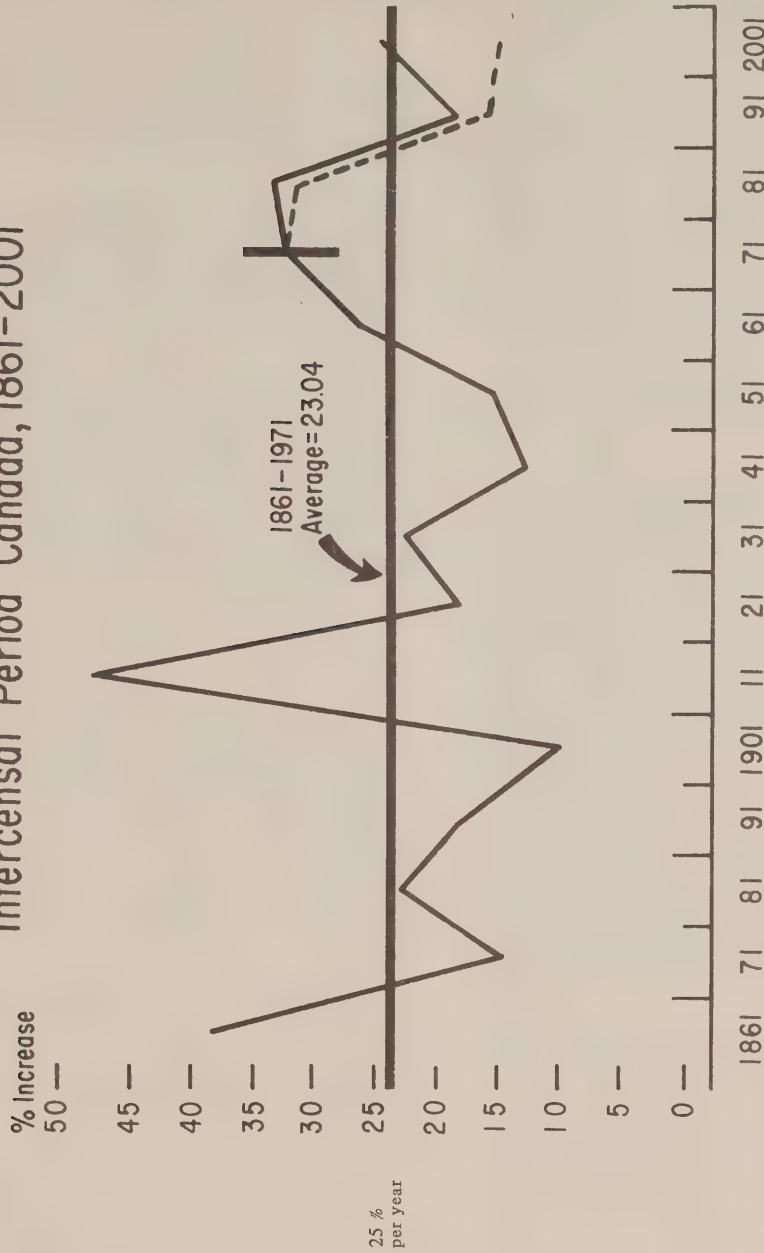
That is not my comparison.

**Dr. Raynauld:** I was not suggesting it was. I am just curious as to why you cite this quotation from the report of the Economic Council and then go on to ask whether there have been some changes in manpower policies. It is a very broad question. It is very difficult to pinpoint where there has been a major shift. What is involved, of course, is the fact that we did spend considerable sums of money on retraining. Up until now, I would say the main objective of Canadian Manpower policy, apparently, was to achieve a better fit between the supply of labour and the demand for labour. In recent years interest in this area was renewed rather than diminished, because of the great discrepancy between the rate of unemployment and job vacancies. That



SLIDE 15

# LABOUR FORCE Increase (%) during Intercensal Period Canada, 1861-2001



Projections assume a participation rate (for those 14 years and over) of 60.8 per cent in 1981, 63.0 per cent in 1991, and 65.5 per cent in 2001. The solid line projections are based on a fertility rate of 2.6 and net immigration of 100,000 per year, the dotted line on a fertility rate of 1.8 and net immigration of 60,000 per year.

is a good indication of some mismatch between the level of training and job availability or, perhaps, the attitudes of people and their unwillingness to take the jobs that are available.

It is in this sense that the policy was designed in terms of growth, in terms of a better efficiency of the labour market itself and, of course, to contribute to economic growth. As opposed to that, you might think of policies designed to meet the equity growth as being a lot more concerned with the handicapped people, with special groups who have special problems, and not try to measure the benefits and costs in terms of increased productivity, but rather in terms of the possibility of these special groups contributing to the overall well-being of our society and, of course, to their own well-being.

I think there has been a change in emphasis. The main reason, I believe, are the facts of the situation in the last recession, or the continuing recession, since the time that report was prepared.

**Senator Grosart:** Would you care to comment on the other apparent criticism, that being that we are out of step with other countries, if there is a continuing emphasis on the growth side. Is there a reason why Canada, as you said three years ago, should "provide a sharp contrast with the manpower strategy of other countries"? The reason I ask that is that one of the main interests of this committee has to be the examination of the strategy. Is the strategy right? As the Economic Council said in its very first approach to this subject back in 1964, it is a policy question, and this committee has to be concerned with whether the policies are the right policies. Is there a reason why there should be a sharp contrast between our manpower policy and that of the Americans?

**Dr. Raynauld:** Yes, and there are reasons for that. First of all, the rate of growth in our labour force has exceeded, as was shown on the first slide this morning, that of all other industrialized countries over the period 1963 to 1973. That, I think, indicates the need for focusing on how we will put these people to work. The second reason is the rate of unemployment itself, which by international standards is one of the highest.

In Canada, going back a hundred years, and perhaps more than a hundred years, our constant problem has been to reduce the level of unemployment by job creation to meet the challenge of a very rapid increase in the labour force. For that reason, we had to concentrate policy on creating jobs on the one hand and adapting the labour force we had to the jobs that were available. A third reason might be that we have taken some time to realize that we needed a little more than formal education when it came to having a good functioning of the labour market.

Since that time, and perhaps going back a little farther, we have made very substantial progress in our manpower policies in terms of increased retraining and adapting the labour force to the changing economy that we have. Under those circumstances, I think this was justified. We were behind in this area when the Economic Council first addressed itself to the problem. Since then we have made very substantial progress by international standards.

Over the next 10 years, I should think, we will continue to be confronted with the essential and basic problem presented by a rapid increase in our labour force and resultant high unemployment. By focusing on this very large problem, we have not paid sufficient attention to

some of the other problems that other countries have dealt with much more effectively than we have.

**Senator Grosart:** Do your surveys indicate such things as the expansion of unemployment insurance, the apparent emphasis on job creation, particularly for the handicapped, and so forth, as indicating some degree of switch of emphasis towards the equity sector?

**Dr. Raynauld:** I would suppose so, although I do not think it was done for that purpose. To start with, I do not think that the unemployment insurance reform of 1971 was done to deal with special groups. It was meant to be more equitable, perhaps, in the sense that we wanted to give more adequate benefits to people who found themselves unemployed. In that particular sense, perhaps it was done for equity reasons, but not for the equity reasons that we usually refer to when we talk about selective manpower programs. That being so, again by world standards, our unemployment insurance is generous. I should think that unemployment insurance in Canada is one of the most generous in the world, whether you take it from the point of view of the level of benefits, the duration of benefits, or the eligibility requirements of the unemployed for benefits. I would think that we want to interpret this as a substantial concern for equity in broad terms. Unemployment insurance goes a long way to meeting that objective.

**Senator Grosart:** My second question arising out of the Eighth Annual Review is again, I think, a criticism of the manpower policy as it existed then. It says at page 104:

The heavy—in fact, almost exclusive—emphasis on institutional training in Canada is difficult to understand when experts generally agree that, for many occupations and many individuals, training-in-industry appears to be preferable.

I think the evidence we have had indicates that the emphasis is still very low in manpower policy in on-the-job training. Would you care to comment on the fact that there appears to be no change after this quite sharp criticism of the policy?

**Dr. Raynauld:** There has been change, I think for the first time. Two or three years ago they introduced a special program of job training on the spot within firms, as opposed to institutional training. This was presented as a sharp departure from traditional policy. What you refer to when you say it is not important—

**Senator Grosart:** I say it is a very low priority.

**Dr. Raynauld:** In terms of the money involved in this special program as opposed to the total training program it is quite true that it is low. This is an issue that goes back a long way. In Canada we have had this general attitude that it is better to have training in institutions. Coming from Quebec, I remember that after the Second World War for a time there was a whole network of special trade schools giving specific training in special jobs. It is true that surveys I have seen on this particular experience indicate that the results were not outstanding, in the sense that, for example, in certain trades it was discovered that after a number of years people were not working in the trades for which they had been trained. In this respect, the institutions lacked the flexibility required nowadays, because the changes are so rapid in the rest of the economy that it is very difficult for an institution built to provide a certain service to change all its programs.



In the Eighth Review there has been some concern expressed by the Council that we should have more flexible ways of training people. One of those obviously is to help firms to train people on the spot. One of the difficulties, and one of the reasons, I understand, why the Department of Manpower has been reluctant to go as fast as it might in this direction, is the policing aspect. People, rightly or wrongly, think it is very easy for a firm to abuse the system. If a firm is paid, say, 50 cents or \$1 an hour for training people, it may be a cheap way for them to get workers. There is some reluctance on the part of governments perhaps to move very fast in this direction until means have been found to ensure that this is not a substitute for entrepreneurs and firms getting cheap labour. I believe that is one of the reasons why they went in this direction rather slowly. In my view, I do not think the concept is invalidated.

**Senator Grosart:** Could you think of a reason why there should be the tremendous discrepancy in policy between, say, Canada and the United States? We are both industrial countries, although there are many differences. At page 105 of your Eighth Annual Review, the chart shows that, in Canada, of the total amount spent on training 3.9 per cent was for training in industry, whereas in the United States it was 76.8 per cent. Are we that different in our approach to the problem?

**Dr. Raynauld:** I do not think we are that different.

**Senator Grosart:** That was 1971.

**Dr. Raynauld:** I think it would be desirable to move a bit more in the direction of training in industry. I must say, I do not know enough of the situation in the United States to say why there has been such a wide difference in approach between the two countries in this respect. I believe it would probably be desirable to move a little bit more to training in industry, provided some way can be found, as apparently it has been in the United States, to make sure that this subsidization of training by a government will not be used as a means of obtaining cheap labour.

I might add that there are some deep-rooted historical approaches involved in this. I am not sure that this can be explained simply by looking at the economy itself. I remember that in European countries there are also very wide differences in approach. I studied in France, and I noticed there a lot more emphasis on educational institutions for training and formal education than might be the case in the United States or some other countries. There is a kind of traditional view about this that it would probably be desirable to examine closely, because there are some deep-seated convictions about it.

In the Council we have simply drawn attention to an alternative approach, which has not been traditional in Canada, and I think it would be possible to make a lot of associations with approaches we have taken in other sectors to show that it is more than just training in industry and training in a school. It is much more than that. I think it is part of a wider spectrum of traditional views that we have in Canada with respect to private firms as against public institutions.

**Mr. John Dawson, Director, Economic Council of Canada:** Perhaps I might add a comment on the comparison you gave from the Eighth Annual Review. I think one of the aspects is, if I am correct, the extent of institutional training in Canada vis-à-vis the United States, which I

think would be a little more extensive at that point in time. So the comparison is of one against the other and there is the other side of the coin here, with the more extensive training institutions in Canada.

**Senator Grosart:** I am now speaking of manpower policy: What should it be, which is perhaps the main job of this committee. On the matter of the higher emphasis on education in France, would this be a relevant factor in the apparently high productivity per worker in that country compared with Canada, in which it is probably in a percentage quantum of approximately twice?

**Dr. Raynauld:** No, I do not believe it would, unless we are all mistaken very, very badly. At first sight it indicates that the less training there is the more productivity there will be. This is the situation when we compare France with Canada.

**Senator Grosart:** Would you explain that? That is a very interesting comment, the less training, the more productivity.

**Dr. Raynauld:** I believe France has undertaken a very important program of training its labour force once the labour force is out of the schools. France traditionally has not done very much in this respect, at least officially. Perhaps they do a great deal on the spot, but I do not know. Officially they do not do very much and they carry on much less training than we in Canada and Sweden, to take just these two outstanding examples. So, at first sight, because productivity has been much higher in France during the last 10 years than it has been in Canada, we would have to assume that training is not very important in this respect. However, in my opinion this is very misleading. I do not think it would be an appropriate conclusion to draw from the comparison. In my opinion productivity increases in France are related to other considerations. They are related to the fact that the Common Market has been formed, that French industry and French labour have been subjected to much more competition than was the case previously. Their productivity performance also reflects the fact that by removing trade barriers French industry was able to exploit economies of scale and to specialize much more than previously. In my opinion the productivity increases would be related to those factors, rather than to training or the absence of training that might be perceived.

Finally, I would think that an important consideration involved in this is the difference between a level of productivity which has been achieved and the rates of increase. It is not absolutely sure that the French will be able to maintain the rate of increase in the rate of productivity, but they started from a level which was substantially lower than ours. That, I suppose, would also be an important consideration to bear in mind. However, in short, I would think that the increase in productivity in France surely is not immediately related to Manpower policy.

**Senator Grosart:** Along the same line, would you say Dr. Raynauld, that the very substantial increase in the percentage of employment as a whole provided now by the service industries, and increasingly so, is an indication that our labour force is becoming more unskilled, rather than more skilled?

**Dr. Raynauld:** No; I would think that we have some direct evidence of the fact that our labour force is more



skilled than previously. The level of formal education has been increased by one year on the average for the total labour force in existence since 1961. So, to that extent if formal training is included in skills for the labour force, surely on average the labour force is more skilled than previously. In the service industries I would think that a very important element in the situation is the part-time facilities provided, which are not always present in goods-producing industries. Hard, heavy industry is not able to adapt as easily as services to changing moods and circumstances. As we stated this morning, half of the increase in employment has gone to services and much of this half of the increase in employment has to do with women who enter the labour force and require, indeed, more flexible working conditions and hours, which flexibility is provided by the service industries.

**Senator Grosart:** In international comparable terms there are very substantial and continuing increases in the percentages of women participating in the labour force. Is this a phenomenon that has been observed for a number of years in other countries? In other words, are we just catching up on this particular phenomenon of the labour force composition?

**Dr. Raynauld:** Yes, I believe the answer is that we are catching up with most European countries. Even in the case of the United States the number of women as a percentage of the total labour force is higher than in our case and I think we certainly would expect another increase in the participation rates of women, of between 5 per cent and 10 per cent perhaps, before we are at the same levels of participation as those of other countries. In Sweden the participation rate is very high, I believe at 60 per cent, whereas ours is approximately 40 per cent. So we still have a long way to go and I think we have been, perhaps, lagging behind in this respect.

**Senator Grosart:** Is this normally associated with economic growth, or recession, this inflow of women into the labour force?

**Dr. Raynauld:** It is difficult to answer. We have had a large number of studies with respect to this and for a time we used to think that it was a phenomenon of recession, that women would go to the labour force to maintain the income of the household. I wonder if that is still true, Mr. Jenness?

**Mr. Jenness:** Mr. Chairman and honourable senators, our studies have shown that basically when employment opportunities are improving women are flowing in very significant numbers into the labour force. When activity is slackening off, however, they are not moving out of the labour force in corresponding numbers, but remaining in it for purposes of protecting the income situation of the family. Indeed, we see in some situations rising levels of unemployment among the male breadwinners as the economy slackens off and at the same time we see this hanging-in process of women, as I say, to preserve the income situation. However, in good years they flow in very strong numbers into the labour force, presumably attracted in recent years by the types of jobs which are opening up in the service sectors in which they may have more competitive advantage, in for instance the wholesale and retail trades, or nursing and education fields, than the males, who are most prone to unemployment and may have education levels lower than some of the women who are currently outside the labour force, but are on the threshold, as it were and could enter it.

**Senator Grosart:** This is not really a question; it is a plea for enlightenment. I must say, the approach you have given us on the emphasis on the gross flow of quits, layoffs, hirings, new entrants, and so on, is most enlightening, but the statistics behind it are also most confusing to me. This is probably a function of a layman meddling in a highly sophisticated discipline such as statistics. But from looking at some of your figures, here are the kinds of things I found—which I know are reconcilable, but I cannot reconcile them. You might make a general statement, which might help to reconcile them, or one of your officials might give us a statement. For example, you start by saying there are 10 million persons in the labour force, 9.3 million are employed and 0.7 million are not employed. Then 12.5 million worked or sought work. This gives us, if you like, a cushion of something like 2.5 million who are not in the labour force, on the gross basis, but who want to get in or had been in, and so on.

Then we have the figure that there are 4.5 million moves, which somehow does not seem to check with that figure. Then we have the layoffs and separations—that is the five million or eight million figure. Then we have what amounts to a 3.3 million figure, which is that one in three changed jobs in the year. Then we have the figure that one in six work but will be unemployed some time in the year. This gives us 1.65 million. So when you try to analyze—which we must do in this committee—both the quantum and quality of the labour force, we come up with such questions as how much of it is voluntary, how much is involuntary, how much of it is necessary. Obviously there is a choice. Workers can now change more frequently than ever before.

Have there been any studies—there must have been—to try to say, first, what is the real quantum of unemployment? It surely cannot be the 700,000 or 800,000, if we relate quantum to quality. People are out of work for a short time, and so on. If you had to make a quick guess as to the hard core of unemployment—I do not mean the unemployables, but the hard core, of people who did not want to quit, who did not want to be laid off, who simply cannot get work—what would your guess be as to the relation of, say, 800,000 today to a realistic figure? I am not talking about hardship. I am talking about people who did not want to be out of jobs and cannot get jobs within a reasonable time.

**Dr. Raynauld:** I am going to disappoint you, senator. Before I can answer that question, I would want to make a general comment on the figures you have quoted. The gist of those figures which we gave on gross flows is that we have to change our perception of the labour market. We used to think of the labour market as being made up of a hard core, made up of 95 per cent, perhaps 98 per cent, of the labour force who wanted to work, and did work year after year at more or less the same job, who were attached to the labour force in a real committed way. We used to think that the marginal workers, the fringe of the labour market, was made up of a very small proportion. We used to think that the traditional worker was the head of the family, with three to five children, who was the sole wage earner for the family. We used to think that this man, because he was a traditional man, would be fully committed to work under almost any circumstances; he would not want to leave his employment, he would not want to leave the labour force because of his family responsibilities, and he would not move very much from area to area or from one industry to another, because he had some specific skills that were tied to a certain type of industry.

All this has now changed. The significance of the gross flows is that this is not the right perception of the labour market. The right perception now is to think of a bare majority of the people who are in this category. The very large minority, from 20 per cent to 30 per cent of the labour force, is made up of people—men and women, and youngsters—people who are part of a household where someone else earns some money. They are less attached to the labour force. They are less committed to accepting any kind of job that would come up. They are more selective in the jobs they want to fill, because of affluence, because of the fact that they are in a household where someone earns some money. They will not look for work immediately, at the moment they lose a job.

The economy is also changing much more rapidly. They have opportunities for moving in and out of some jobs, in and out of some areas, in and out of some industries.

Remember that half of the unemployed now are below 24 years of age—half of them. That means you have a large proportion of people who can afford to be selective in their job search, in their final choice of a job. So it is no longer possible to say that we have a clear-cut difference between those who really want to work and those who do not really want to work. The frontier between the two is very unclear. You cannot say that someone is really committed to work and someone else is not. You cannot talk in terms of voluntary versus involuntary unemployment. There is a band in between the two extremes, where you do not know for sure.

I think the truth is that people want to work. Surveys have shown that people want to work. But that does not mean that people want to work every week in the year. It does not mean they want to work the moment they lose a job, that they have to get another job the next morning. They will be able to wait two or three months so they can find the right job they want. In the meantime they will be supported by generous unemployment insurance benefits. Also they will be supported by their families, because two-thirds of those who are unemployed come from households where someone else earns some money.

So the traditional and perhaps easy answers about the rate of unemployment—meaning something very clear and definite—is no longer applicable.

**Senator Grosart:** Perhaps we should put the word “unemployment” in quotes.

**Senator Graham:** Dr. Raynauld, what would you regard, under normal conditions, as the acceptable rate of unemployment?

**Dr. Raynauld:** From a social point of view, any unemployment is a bad thing. However, this is not very useful, because, as I said, it is very difficult to know what is an acceptable rate of unemployment when the measures we have include people who badly need to work, who are definitely committed to work. Also the measures include people who are less keen to work than they used to be. They can afford not to work for some time. We would rather not present an array of measures that would confuse people even more. In order to answer your question we would have to look at a number of measures. I would be very hard pressed to say at this time what rate of unemployment would be judged in all respects as being acceptable as against one which would not be acceptable. We will have to make a determined effort to reduce the rate of

unemployment, and at some point we will find that the benefit-cost ratio of achieving a certain reduction will be such that we would not want to go any farther.

I think the year 1973 is a good example of that. We can see, in retrospect, that in 1973 it would have been unwise to try to move any farther in trying to reduce the rate of unemployment. We had a very rapid increase in the GNP. The rate of growth in terms of output in 1973 was very substantial, being around 6.8. There were some bottlenecks here and there. Prices were rising. Nevertheless, the rate of unemployment was, I think, over the year 5.2 per cent.

I could perhaps answer your question, senator, by saying that in 1973 the unemployment rate was 5.6 per cent.

**Senator Croll:** If I remember correctly, the figure put forth by the Economic Council at one point was 4 per cent.

**Dr. Raynauld:** As an objective, we gave the figure of 4.5 per cent over a period of three years.

**Senator Grosart:** At one time it was 3 per cent.

**Dr. Raynauld:** Yes. When the figure of 3 per cent was adopted in the first Annual Review, I am told that it was very difficult to reach any agreement on it. A lot of people thought that even 3 per cent was outrageous. Many people felt that it should be zero or 1 per cent.

Since 1972 the figure put forth by the Economic Council has been 4.5 per cent. The proof that it was not too high is that we never achieved it.

**Senator Hicks:** I wish to take exception to your statement at the beginning of your previous comments, Dr. Raynauld, when you said that from a social point of view any unemployment is a bad thing. That, obviously, is not so, considering the way in which we derive our unemployment statistics today. You, yourself, said that half of the unemployed are persons under 24 years of age. You then referred to other groups who, while wanting to work, were able to remain unemployed until they found employment which was suitable or congenial to them. It is a socially desirable thing, in my view, when unemployed people are not forced into the first undesirable employment opportunity that presents itself, but rather can wait until they find employment which is suitable to them. Under our present system, an unemployed person can afford to relax and wait for an employment opportunity which is congenial to him.

I do not think it is any longer valid to say that from a social point of view, considering the way we regard unemployment statistics in this country, unemployment is socially undesirable. Some is, of course; but, on the other hand, it is a measure of the strength of our society that it can be done in this way.

**Dr. Raynauld:** I would not disagree very strongly with you, Senator Hicks. What you are comparing is the rate of unemployment as measured and the fact that included in that rate are people who are entitled to unemployment benefits for some weeks or some months while searching for appropriate employment.

**Senator Hicks:** Unemployment is a lifestyle in some sectors of our society.

**Dr. Raynauld:** I would not disagree with that. What we are talking about in your earlier example are people who are on unemployment for a number of weeks, not a number of years.



**Senator Grosart:** That was the distinction I was trying to make between voluntary and involuntary unemployment.

**Dr. Raynauld:** The Economic Council has studied unemployment on a rather intensified basis over the last two years. We have not been able to come up with a good measure of what is voluntary and what is involuntary. After putting some real effort into trying to find such a measure and not succeeding, we are then left in the position where we have to question the assumption. From everything we have found, we are now of the view that voluntary versus involuntary unemployment is a very elusive concept.

**Senator Grosart:** Perhaps we should call one "on holidays" and one unemployment.

**Senator Graham:** Dr. Raynauld, have you made any projections with respect to the unemployment rate for 1976?

**Dr. Raynauld:** Not really. We have some general hunches as to the likely turn of events in the next few months. We expect that the rate of unemployment will increase in 1975. We also expect that there will be some renewed expansion either at the end of 1975 or the beginning of 1976. I am rather of the opinion that it will be the beginning of 1976. If that comes about, I should think that the rate of unemployment would tend to stabilize.

I must admit to being concerned about the year 1976 with respect to the rate of unemployment. I do not see many signs of sufficiently rapid expansion in 1976 to reduce the unemployment rate substantially from the level it will have reached by then.

**Senator Graham:** There is the trend now towards early retirement and the much talked about four-day work week. First of all, what is your opinion of the four-day work week as it might affect the labour market?

**Dr. Raynauld:** The impact of these changes are difficult to evaluate. I can only talk in general terms with respect to these developments. Early retirement, obviously, has the effect of increasing the cost of retirement to society as a whole. People will not work as long. We have already seen a very substantial reduction in the number of years that, on average, people work, as compared with the beginning of this century. This trend is continuing, and I think will increase, and the retiring age will go down in the future. This poses the problem of how we can finance pensions and other payments to retired people. For the next 15 years this problem will be hidden from us, because the proportion of the young in the total population is being reduced. Because in the past the population increased at a rapid rate, there are now large numbers of young people between the ages of, say, 20 or 25 and 55, and for perhaps 15 or 20 years there will be a high proportion of the total population who will work. I mention this as one factor behind the very large increase in income per capita that has been with us for some years.

Once these large numbers move into retirement, I think there will be a very sharp increase in the cost of retirement and in the cost of support programs. The faster the retirement age is decreased, the faster also will be the increase in those costs.

The four-day work week is a little different. It is estimated that reducing the number of hours worked in a day does not reduce by the same percentage the output

produced. A standard assumption that has been made for some years is that if the number of hours worked in one day is reduced by one per cent it will reduce output by only 0.6 per cent. This estimate goes back to the well known study by Dennison. In other words, if the number of hours worked in a day is reduced, in fact productivity is increased.

**Senator Hicks:** Productivity per hour.

**Dr. Raynauld:** Productivity per hour is increased. It is also assumed that when the work day is reduced, at that point output is reduced by the full decrease in the number of days worked in a year. The same applies to holidays, summer vacations and so on. This being so, I think a four-day work week would be more expensive in terms of output and productivity than perhaps a five-day work week with shorter hours. To what extent I can be firm on this, I really do not know. I suppose a point would be reached when people will be tired when they work five hours a day. At that point, if the number of hours worked is reduced by, say, 25 per cent, it will reduce output by 25 per cent also. This is one thing about productivity.

Another aspect of the four-day work week is simply recognition of the long-term trend in our society to work less and less. We used to work six days a week, and people worked for 40 years of their life; they used to have one week's holiday a year. Now the number of hours in a day and the number of days worked in the week are being reduced, and the number of years of work is reduced. All this is perhaps a sign of social progress to the extent that leisure is part of welfare. It is now estimated that people want to benefit from increases in productivity by taking two-thirds of the benefits through increased income and one-third through increased leisure.

I would interpret this four-day work week proposal or trend as meaning that we might want to increase the proportion of the component in our welfare of leisure as against increased income. I would suppose that the higher the incomes the more pressure there will be to increase leisure, because these days, with the kind of taxes we have, an increase in income is not a very high marginal return. At that point people shift their preferences a bit and might take increased leisure instead.

No work has been done on the modalities of application of this. There are some people on the council's staff who are quite interested in these changes in work conditions, in flexibility of schedules. There are an infinite number of ways of getting at something like this. I think we will need to let the experiments go on for a while before we see what the exact impact will be.

**Senator Graham:** I should like to have your impression of the economic efficiency of the current job creation projects and programs of the Manpower department, such as LEAP, LIP and OFY.

**Dr. Raynauld:** I personally have not seen any real cost-benefit analysis. You may be more informed about that than I am. I would perhaps make a general comment, if I may, on the real efficiency of the program. I think these types of employment programs are also a sign of the times. They have very positive aspects, which perhaps we should not forget when making benefit-costs assessments of them. By this I mean that these programs have allowed people to choose for themselves, to a large extent, the conditions under which they would like to work. People have also been able to choose for themselves the area in which they



would like to work. These programs provide a great deal of flexibility in local communities for people to express their wishes and preferences with respect to work.

To a large extent, I believe these programs are a pre-configuration of perhaps the world of tomorrow when, because people are affluent, because they may be able to afford a lot more flexibility than before, they will want to adapt the kind of jobs they want to do to their preferences to a much greater extent than was ever possible in the past. I believe technical progress now permits this, which was not the case before. There will be progress made which will allow people to work from their home base rather than in a factory. I would think that those larger considerations should be borne in mind when we look at the statistical, more narrowly defined type of assessment of these programs.

**Senator Carter:** I would like to start with a supplementary to the point raised by Senator Hicks a few minutes ago with respect to the analysis of the unemployment figures. I believe you said that 50 per cent were voluntarily unemployed.

**Dr. Raynauld:** I did not say "voluntarily".

**Senator Carter:** How many were voluntary?

**Dr. Raynauld:** We do not know, that is the point. We know that 50 per cent of the unemployed were young people.

**Senator Carter:** But I thought he referred to a certain proportion which were voluntary and based his argument on the fact that it is a good thing that they could be unemployed voluntarily. However, we have no way of knowing?

**Dr. Raynauld:** We have no way of knowing.

**Senator Carter:** Are there any comparable analyses in other countries of the unemployment figures?

**Dr. Raynauld:** Yes, we have international comparisons of unemployment rates. The picture in that regard is that, except in recent years for the United States, our rate of unemployment is substantially higher than in other countries.

**Senator Carter:** Dr. Raynauld, you ended your presentation this morning on a rather optimistic note, looking forward to somewhere in the eighties when we will be short of workers. You raised the question that implied that we should be careful as to what we do in restricting immigration. Yesterday afternoon I attended a meeting of members of the chemical industries, including the Chemical Institute of Canada. They are very worried about the state of their industry at the present time and its foreseeable prospects. This is a basic industry, which contributes several million dollars to the GNP, and you tell us at page 3 of your brief, referring to employment in mining, oil and gas production and the decline which started in 1971:

While employment has grown in absolute terms in manufacturing, it has slipped in relative terms compared to most other Western nations, including the United States. Indeed, Canadian manufacturing accounts for the least amount of labour utilization—22 per cent of employed workers—of all major Western nations. And while there has been some narrowing of the productivity differential in manufacturing vis-à-vis the United States, our estimates indicate that on

average manufacturing costs are still running almost 20 per cent higher than in the United States. And in comparison to most O.E.C.D. countries, we are tending to fall behind.

This is almost identical to the story related by the Canadian chemical producers yesterday, and which we hear also from other industries. In physics we have the concept of a triangle of forces in which a number of forces are in balance constituting a stable situation. Eventually another factor intrudes and puts stresses and strains on it until, finally, the equilibrium is upset and these forces must resolve themselves into another balance. Where do you see the point now at which these forces are likely to fall out of equilibrium and must resolve into a new balance? How can you reconcile your optimistic conclusion at the end of the page with the present trends as indicated in that paragraph?

**Dr. Raynauld:** In economic life we never stay out of equilibrium for very long. There are always countervailing forces coming into play and re-arranging things. I am very concerned with our productivity performance in Canada with respect to other countries. I am concerned because our performance has been very, very poor for perhaps 15 years or more. Nevertheless, there are some countervailing forces in operation in that area also. It does not mean necessarily that our manufacturing industry will disappear, because at some point if we do not improve our productivity the rate of exchange will have to go down. That will provide the compensating factor which will allow manufacturing industries to maintain their share of activity in Canada and maintain, perhaps, even their exports to the rest of the world in spite of productivity being lower in Canada than in other countries. It means that those changes in the rate of exchange will affect the standard of living of Canadians. We will have to pay more for imports and it will be equivalent to a reduction in the standard of living. However, that will reduce costs at the same time, so that we will be able to maintain our relationships with the rest of the world.

While I speak of problems with respect to the labour force, I am among those who feel that there is a kind of equilibrium there also in terms of population growth and the consequent policies that the government can apply to immigration. It may be that we have had much difficulty up to the present with the very fast increase in the labour force and in the population. That may be one positive aspect of the situation ahead, that the rate of growth of the population may be reduced somewhat. This is not necessarily a bad thing. In the circumstances ahead we will also be able to choose, perhaps more than we could previously, the type of population growth that we desire, because it will be determined mainly by immigration policy in the future. That was one of the positive aspects I had in mind.

I do not believe that something will get out of hand suddenly in Canada. I do not think that there are situations developing now which will bring us to a real catastrophe or real difficulties, because in the meantime other things will adjust. That does not mean that we should not be concerned with respect to some of our problems, such as productivity. The Economic council itself will have something to say with respect to productivity very soon. We are concerned with respect to productivity and that will also have a substantial impact on the manufacturing industries.

**Senator Carter:** I gathered from what you said that female participation in Canada has increased quite rapidly

in recent years. How does that compare with other countries?

**Dr. Raynauld:** The level of female participation in Canada is lower than that in several other countries. However, it is increasing more rapidly in Canada than has been the case in other countries during recent years. So here again we have a case in which there is a very rapid change taking place in Canada, which may create problems. Perhaps it would have been better had we started earlier, but this happens often in Canada. When we realize something, we move fast. Women have changed their views very rapidly as to the desirability of working and are entering the labour market at a more rapid rate. This is, perhaps, the typical Canadian response to a new situation. However, over-all we are below the levels of female participation rates in several other countries.

**Senator Grosart:** Women's lib. is taking care of that.

**Senator Carter:** Senator Grosart mentioned women's lib. This being International Women's Year, I will have to be very careful in phrasing my next question. You mentioned that productivity was levelling off around 2 per cent. You also mentioned that male participation, male growth in the sector, was around 2 per cent a year. You said also that the increase in female participation was around 60 per cent, or something like that. Is there any relation between those figures and productivity?

**Dr. Raynauld:** No, I do not think so—

**Senator Carter:** So you cannot blame lower productivity on the great number of women?

**Dr. Raynauld:** I do not think I could—

**Senator Carter:** Industrial productivity?

**Dr. Raynauld:** I do not think I could. First, productivity is only partly determined by the people themselves. The main determinate of productivity is investment. You will have a higher productivity in those industries which are capital intensive, as against industries which are labour intensive. This has nothing to do really with the effort of the labour force as such. It is true that women go into industries, generally speaking, which are typically less productive than other industries, and they are less productive than other industries because the amount of capital per worker is lower. Also, women work more than men on a part-time basis, and this also accounts for statistical differences between women and men when it comes to productivity and wages.

So I do not think we could associate the poor productivity of the Canadian economy, to the large and faster increase of women into the labour force.

**Senator Grosart:** Is it not also true that a component of productivity is the skill of workers? Perhaps, rather than use the word "skill," I should say adaptability to their jobs. It is often said there is a great difference between adding one part-time or short-term woman to the labour force and adding one skilled worker, in the sense that he has had experience on the job. Is that not a component of productivity—the difference at both ends, between the young and the part-time, particularly women?

Your charts seem to indicate that the time of women in the labour force, and their experience-gathering, is shorter than that of men in the prime age group. Would that not have something to do with productivity?

**Dr. Raynauld:** Yes, it would. It would show mainly in the kinds of jobs women would take. Experience is very important when it comes to productivity in a given industry. I do not think we should minimize these aspects. But when it comes to the level of formal training, I would want to check a fact like this. I would not be at all surprised to find that women have more formal education than men. In 1973 there was no doubt in my mind that employers preferred to use women and people coming from out of the labour force rather than the unemployed. The number of unemployed in 1973 was reduced very little by the big increase in employment. Where did those people come from? They came from outside of the labour force. They were mainly women. You can look at the situation like this and interpret that employers have preferred to draw additional people into the labour force rather than take the unemployed. That may reflect a preference for a different type of labour, perhaps more formally trained than the unemployed.

So the situation is not clear-cut. What is clear-cut, I believe, is the fact that women generally have less experience than men because they interrupt their work career more often—but much less so now than used to be the case. Traditionally this was the case. So they would work, in terms of a career, a smaller number of years. As a consequence of this, they would, in general again, have less experience, and that might show up in productivity. But it would show up mainly, I would think, in the kind of occupations they would have, the kind of industries in which they would work.

All this is now changing, of course. We will find in the future more and more women who will have similar kinds of careers as men, in terms of number of years. They will be able to solve the problems of family requirements better than was the case in the past, and this again goes along with the social policy that governments may implement.

**Senator Carter:** Continuing along that line, if we increase our productivity, we have to have more capital investment. But the more capital investment we have, the more capital intensive we become and the less jobs we have for people. So where is the trade-off between the two?

**Dr. Raynauld:** The trade-off in the past has been rather difficult, in the sense that we had to allow, in Canada, for a higher rate of unemployment than in other countries. We have made choices such that we did increase capital investment substantially over the years in order, probably, to increase productivity. But given the fact that we were not able to create enough jobs, the result was that we have had a higher rate of unemployment than in other countries.

That being said, the situation in this respect will change. At the beginning of the 1980s we will have a smaller increase in the labour force, and perhaps for the first time in a century we will be able to devote more resources to increasing productivity and be able to have less concern for the rate of unemployment, because presumably it might come down.

So I think the fact that until now we have been faced all the time with a very high rate of unemployment, which perhaps stopped us from making all the efforts necessary to maintain our level of productivity in the same way as in other countries, in the 1980s the situation may change, and we will be able, perhaps, to try to solve the problem of productivity in a much more determined way, because we will know that the impact on the rate of unemployment will be much less.



**Senator Carter:** I have one last question. On page 8 you refer to column 3, to "the ratio of annual to monthly participation rates." You say:

What this shows is that there are in fact 24 per cent more Canadians in the work force during the year than are reported by the Labour Force Survey.

Does that have any impact at all on the unemployment statistics? Does that not invalidate, to some extent, the regular DBS statistics we get?

**Dr. Raynauld:** It does not invalidate the figures. In fact, if you add all of these figures over the year, you will find that there are a lot more people than are reported on a month-to-month basis. Beyond statistics, that indicates that in a year there are 24 per cent more people who will have worked during the year—perhaps only for a few months—and will then leave the labour force. Some of these people will go on unemployment insurance, some to other employment. What this figure does is change our perspective of what is unemployment.

That is the reason why it is so difficult to answer questions as to whether unemployment is voluntary or not. For example, women leave the labour force in large numbers during the summer months. One estimate we have of women leaving the labour force during the summer months is 100,000.

**Senator Grosart:** The kids are out of school!

**Dr. Raynauld:** That is right. They do not become unemployment, however. They simply leave the labour force. On the other hand, men will not leave the labour force. If they quit their jobs, they become unemployed.

It does not necessarily invalidate the statistics we have on a month-to-month basis, but it does cast some light on those figures and does call for a different interpretation of those figures.

**Senator Barrow:** On page 3 of your statement you say:

While employment has grown in absolute terms in manufacturing, it has slipped in relative terms compared to most other Western nations, including the United States.

Did you give an indication as to the reason for that? I thought you went on to productivity and skipped over that rather quickly.

**Dr. Raynauld:** I did so because I have some biases. Personally, I do not believe that manufacturing should be developed just for the sake of manufacturing. What we are concerned with is not necessarily the kind of work that is done, but rather the welfare of the people, the incomes of the people. Whether they work in manufacturing or in a service industry is not as fundamental. It is true that the manufacturing share of total employment has decreased as compared with other countries, and this in fact gives rise to some concern on the part of some people.

Personally, I am a little more optimistic. If we can find useful occupations in transportation, I do not think we need be concerned with the shrinking share of manufacturing as such.

We will have to learn to distinguish between the services in the service industry sector. Some services are perhaps of a typical kind. Sales clerks in a retail store provide one type of service, but there are other types of service that are more like manufacturing, such as in the transportation industry, financial institutions, communications, and so

forth. What I think we should be concerned about is the productivity and the capacity of an industry to generate income and employment. If a service is as productive as a manufacturing activity, I do not see why we should prefer manufacturing to that kind of service.

One of the traditional reasons why we were hesitant about services in the past was the fact that services were not exportable so much as manufacturing production. That is now changing. Exports in services amounted to 5 per cent 15 years ago.

**Senator Grosart:** Is that 5 per cent of total exports?

**Dr. Raynauld:** No, 5 per cent of the services were exported 15 years ago. Now 20 per cent of the services are exported. What we see here is a transformation of services. They become more and more like manufacturing activities. We now export managing services. We export banking services. These are things we did not export before.

So services were conceived of as essentially domestic activities, and were not seen to be as useful to a country as manufacturing, owing to the fact that manufacturing was being exported and we thought at that time that to the extent that we needed imports we had to get the foreign currencies necessary so we needed to export.

To the extent that this is changing, that may be one reason why we should not always prefer as clearly as we have done up until now manufacturing over services. In other words, I suggest that we should begin to make distinctions within services. Some services are as useful as manufacturing.

**Senator Grosart:** What percentage of manufacturing and what percentage of primary resources would be exported as against the 20 per cent of services?

**Dr. Raynauld:** I think it is 50 per cent in manufacturing and 75 per cent in primary resources.

**Senator Carter:** Dr. Raynauld, have you made any analysis of industries on the basis of capital investment or the amount of capital per job?

**Dr. Raynauld:** Yes. We have some figures. In mining it is \$200,000 per job, for example.

**Senator Carter:** What is the other end of the scale?

**Dr. Raynauld:** The other end of the scale?

**Senator Grosart:** It could be nothing; you can have zero.

**Senator Barrow:** Mr. Chairman, some of the witnesses from the Manpower Centres indicated that the low rates of pay offered by employers, which were tied to the minimum wage rates in various provinces, inhibited people from taking jobs. Do you have any comment on that at all? Perhaps I should ask you if you can indicate how the minimum wage rate is determined and whether it affects the labour market.

**Dr. Raynauld:** The minimum wage has been increased substantially in the past 10 to 15 years. It is now about 50 per cent of the manufacturing wages in at least some provinces.

As you know, minimum wages are set by statute in various provinces and in the federal government. They are designed to prevent the exploitation of labour in particular cases by employers; they are meant to prevent abuses. Whether the present level of minimum wages reduces the



demand for labour and affects the employment situation is very difficult to ascertain. Certainly I would think the minimum wage cannot be increased indefinitely without having a negative impact on the labour market.

On the other hand, in the last few days I have been participating in a conference at which one speaker looked at a review of the studies made in the last few years. His conclusion was that until now the impact has been negligible on employment. It was not necessarily negligible in costs to firms, but on the whole when looking at the labour market it was not very important. This suggests that up to now the minimum wage has not been increased so fast as to generate clear negative reactions. That is not necessarily valid for all industries. I remember the same speaker also referred to some specific cases, such as hotels and laundries, where the minimum wage had an impact which was perceived by looking at the statistics. However, it is a difficult question, which we have not investigated fully in our report. This was slightly outside the main focus of our study, and I am therefore afraid I cannot make a very useful comment on this question.

**Senator Croll:** There is one question that troubles me. In the earlier part of your remarks you indicated that unemployment was socially undesirable, and in fact you may have said unacceptable, but when you were challenged on that statement you backed away from it. Can you tell me under what circumstances unemployment is socially unacceptable?

**Dr. Raynauld:** I think I could develop this a bit. I did not react strongly to Senator Hicks' remarks on this because I thought that we were not necessarily talking about the same thing. When I say that unemployment is socially undesirable and unacceptable, I have in mind a situation where a particular individual would really want to work but has no opportunity to do so, and would be put in a very difficult situation. I think this means unemployment that would extend beyond, say, the normal frictional type of unemployment when people move from one job to another within, say, two months. When it is longer than that I would begin to apply my judgment that it is definitely undesirable. Take the example of an 18-year old just out of school who is looking for work; after two months he finds a job. Would that be intolerable to the point that we would really have to apply very stern policies to stop that? I do not think so.

**Senator Croll:** But we are not talking about that; the public does not think of it in that sense. They understand that this boy is shopping around and trying to find something that suits him, and they are with him on that. But when the public talks about these "welfare bums" that they love to talk about, then they are talking about people who simply will not take jobs that are available and at fair wages. For instance, you may have seen in yesterday's paper that the Hull City Council all of a sudden decided that they had to look after these "welfare bums," and they took 18 of them off relief and gave them jobs at union wages. I shall be surprised if they do not have at least 50 come in to work on that basis. That is the kind of thing that is in the minds of the people, and when you make a statement of this kind that may be interpreted as giving some solace to people who are not too anxious to work—and there are not too many of those anyway—it can leave a sour impression on the country. I am not talking about the 18-year old or the 19-year old; I am talking about the people who simply will not take a job. Such a person would

not get any comfort from me, but would he get comfort from you?

**Dr. Raynauld:** I do not think he would get any comfort from me, but I would think that in order to reduce this to nothing, it might cost us a lot more than is warranted. That is what is behind my judgment, I think, about that. But you know the hard-core unemployed, the truly unacceptable, does not fit with the figures of unemployment we cite every day. The number of people who are unemployed for more than six months amounts to about 1.5 per cent or 2 per cent of the labour force. It is certainly no more than that. They constitute the hard-core unemployed but the vast majority are not of that kind. The vast majority of unemployed now are people who are unemployed for three months and less. They are also, as I said, young people. Now I would think that these young people want to work probably as much as their parents and we have no indication that would make us believe otherwise. But, as I said, they are more choosy, they are more selective, and that may call for a different approach. I am not suggesting that what we do now is perfect in this regard. We might do something to try perhaps to reduce this selectivity of people, but what I am saying is that if you want to reduce this there may be some additional cost that we haven't thought about yet and the question as to whether these people receive benefits from unemployment insurance. is, in my view, an entirely different thing.

**Senator Croll:** I quite agree.

**Dr. Raynauld:** But suppose these people do not receive unemployment insurance benefits, who would object to seeing people not working for two months if they are only 18 years of age? Nobody.

**Senator Croll:** I quite agree. You are certainly clarifying the situation, but when you talk of the 1.6 figure for the hard-core unemployed, what you have in there are the blind, the crippled, the maimed and the old who cannot work; that is really your hard-core, with very few exceptions. For general purposes these people are not in the labour force anyway. It is just that they have not declared themselves out of the labour force. These are the people the minister, Mr. Lalonde is talking about. Who else is in there? But here we are not talking about them. I think it is important to make that distinction because what you say goes across the country and you have a very responsible position and people listen to you.

**Dr. Raynauld:** Yes, but I do not believe, on the other hand, that there are only handicapped people there. Those people are supposed, at least statistically, to be entirely different from those who are on social assistance. So this 1.6 per cent to 2 per cent are supposed to be genuinely unemployed, again according to the statistics we use. Nevertheless, I do not wish to leave the impression that we must eradicate unemployment totally when we know, on the other hand, that many of these unemployed are searching for jobs which suit them. Quite the contrary; I am suggesting that we should allow this search, because there are some social benefits in this. However, on the medium or longer term, which I had in mind when I answered that question as to whether unemployment is desirable, I still maintain that unemployment as a general proposition is undesirable.

**Senator Croll:** Yes. If I recall correctly, over the years 2 per cent was the figure that we accepted as representing those moving between jobs. Two per cent unemployment

was regarded as a mere movement between jobs, but anything in excess of that was troublesome. Is there any reason to change that view?

**Dr. Raynauld:** Yes, there are some reasons to change that a little, less because job changes are more than before than because of the unemployed themselves. We have many young people now who move from school to work and return to school and it is a demographic characteristic of the unemployed that would probably justify raising that figure a little beyond the 2 per cent.

**Senator Croll:** Well, that does not make it look so bad.

**Dr. Raynauld:** However, I would not wish to cite a figure in that respect, because again the general view I desire to leave with you is that those fine distinctions that we used to have before between voluntary and involuntary unemployment are blurred. It is very difficult now to put an

exact figure on it. It could be useful, but I do not believe it is possible.

**Senator Croll:** Before we blur any further, Mr. Chairman, may I say on behalf of those who are sitting here how delightful and beneficial it was to have the doctor here. We appreciate his presentation and the time he took to prepare himself for it. This is an example of fine service on the part of a great public servant. Thank you.

**The Deputy Chairman:** Thank you very much Senator Croll. Dr. Raynauld, he said it much better than I could. Thank you very much for appearing, which thanks I also extend to your officials, Mr. Post, Mr. Dawson and Mr. Jenness.

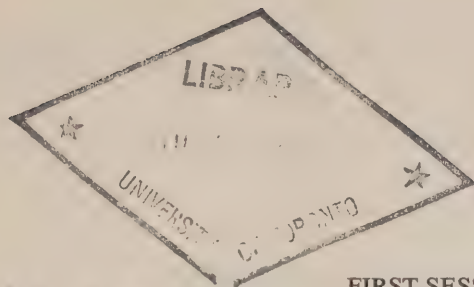
The committee adjourned.











FIRST SESSION—THIRTIETH PARLIAMENT  
1974-75

THE SENATE OF CANADA

PROCEEDINGS OF THE  
STANDING SENATE COMMITTEE ON

**NATIONAL FINANCE**

The Honourable DOUGLAS D. EVERETT, *Chairman*

The Honourable HERBERT O. SPARROW, *Deputy Chairman*

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Issue No. 19

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WEDNESDAY, MAY 14, 1975

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**Fourteenth Proceedings**

The examination of the Estimates of the Manpower Division of the  
Department of Manpower and Immigration for the fiscal  
year ending the 31st of March, 1975

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(Witnesses: See Minutes of Proceedings)



STANDING SENATE COMMITTEE ON  
NATIONAL FINANCE

The Honourable D. D. Everett, *Chairman*;

The Honourable Herbert O. Sparrow, *Deputy Chairman*.

The Honourable Senators:

Barrow, A. I.	Hicks, Henry D.
Benidickson, W. M.	Langlois, L.
Carter, C. W.	Manning, Ernest
Côté, J. P.	Neiman, Joan
Croll, David A.	O'Leary, M. Grattan
Desruisseaux, P.	Perrault, R. J.
Everett, D. D.	Prowse, J. Harper
*Flynn, Jacques	Robichaud, L. J.
Giguère, Louis de G.	Sparrow, H. O.
Graham, B. Alasdair	Welch, F. C.
Grosart, Allister	Yuzyk.—(20)

\**Ex officio member*

(Quorum 5)

# Order of Reference

## ORDER OF REFERENCE

Extract from the Minutes of the Proceedings of the Senate, December 17, 1974:

Pursuant to the Order of the Day, the Senate resumed the debate on the motion of the Honourable Senator Everett, seconded by the Honourable Senator Cook:

That the Standing Senate Committee on National Finance be authorized to examine in detail and report upon the Estimates of the Manpower Division of the Department of Manpower and Immigration for the fiscal year ending the 31st March, 1975.

After debate, and—

The question being put on the motion, it was—

Resolved in the affirmative.

Robert Fortier,  
*Clerk of the Senate.*

# Minutes of Proceedings

Wednesday, May 14, 1975

(14) . . . (19)

Pursuant to adjournment and notice the Standing Senate Committee on National Finance met this day at 3:30 p.m.

*Present:* The Honourable Senators Everett (*Chairman*), Barrow, Carter, Croll, Desruisseaux, Graham, Grosart, Manning and Robichaud (9).

*Present, but not of the Committee:* The Honourable Senator Thompson.

The Committee resumed its examination of the Estimates of the Manpower Division of the Department of Manpower and Immigration for the fiscal year ending 31st March, 1975.

The following witnesses were heard:

Mr. Malcolm R. Mallory  
President and General Manager  
Rubbermaid (*Canada*) Ltd

Mr. M. C. Dressler  
Vice-President  
Hoffmann-LaRoche Limited

Mr. Norman Fust  
Director of Personnel  
Hoffmann-LaRoche Limited

Mr. A. C. Dibblee  
Director of Personnel  
Procor Limited

Mr. M. H. MacKenzie  
Director of Personnel  
Hudson's Bay Company

*In attendance:* Mr. J. H. M. Cocks, Director of Administration; Mrs. Barbara Reynolds, Research Branch, Library of Parliament; Mrs. Helen Small, Parliamentary Centre and Mr. D. Toupin, Director General, Client Services, Department of Manpower and Immigration.

At 6:05 p.m. the Committee adjourned until 9:30 a.m. May 15, 1975.

ATTEST:

Georges A. Coderre,  
*Clerk of the Committee.*



# The Standing Senate Committee on National Finance

## Evidence

Ottawa, Wednesday, May 14, 1975.

The Standing Senate Committee on National Finance met this day at 3.45 p.m. to examine in detail and report upon the estimates of the Manpower Division of the Department of Manpower and Immigration for the fiscal year ending March 31, 1975.

**Senator Douglas D. Everett** (*Chairman*) in the Chair.

**The Chairman:** Honourable senators, we shall resume our hearing on the Manpower Division of the Department of Manpower and Immigration. At the inception of these hearings we sent a letter to 100 employers asking for their experience in dealing with Canada Manpower. We received replies from approximately 70 of them, and we have selected four to give vocal evidence before the committee in respect of their submissions.

On my far left we have Mr. A. C. Dibblee, the Director of Personnel, Procor Ltd., Oakville, Ontario. Procor is a large company which, among other things, manufactures railway tank cars. On my immediate left we have Mr. Malcolm R. Mallory, President and General Manager of Rubbermaid (Canada) Ltd., who are in the light manufacturing business. On my far right we have Mr. M. H. MacKenzie, who is Director of Personnel, Hudson's Bay Company. Next to Mr. MacKenzie we have Mr. Norman Fust, Director of Personnel for Hoffmann-LaRoche Ltd., a Montreal pharmaceutical firm; and on my immediate right we have Mr. M. C. Dressler, who is the Vice-President of Hoffmann-LaRoche Ltd.

We will hear short statements on the submissions from the witnesses. Mr. Mallory, would you like to commence?

**Mr. Malcolm R. Mallory, President and General Manager, Rubbermaid (Canada) Ltd.:** Mr. Chairman and honourable senators, I am most pleased to have the opportunity to appear here today and present the views of my company, Rubbermaid (Canada) Ltd., regarding Canada Manpower and its use of Canada Manpower. I would not want to be so presumptuous as to suggest that the experience of Rubbermaid is typical of all companies across Canada, but I have in fact taken the liberty of contacting people I know in certain other companies in Canada—some are large national companies—to get a sounding of their views and experiences with Canada Manpower.

I would like you to know that I have taken the time to read through all the hearings that have been held to date. They are voluminous and make very interesting reading. I have been very impressed with the myriad of statistics and charts prepared and presented by the Honourable Mr. Andras and his staff regarding the functioning of Canada Manpower. I have been impressed with the fact that Canada Manpower operates on a budget of something in excess of \$700 million a year, if that figure is correct—and I believe it to be. In Canada any venture that size is a major operation.

I have been impressed also by the effort put forward by the Department of Manpower and Immigration in the preparation and submission of their testimony, and with the obvious sincerity of the honourable Mr. Andras and his staff in presenting to you what they deem to be the service provided by Canada Manpower to the public and to industry. I must comment, however, as forcefully as I can, that between what you have been told in these submissions is happening within Canada Manpower regarding their projects, their levels of efficiency and performance, and what appears to be happening in actual practice, there exists a yawning gap of immense proportions. In fact, on reading the testimony, I could not believe that we were really talking about the same subject.

I would now like to present certain data concerning the experience of my company and its attempt to utilize the services of Canada Manpower. First, may I briefly describe, as requested by the Chairman, Senator Everett, the functioning of our company?

Rubbermaid is a manufacturing and marketing company manufacturing a wide range of products made from rubber and plastics for use in the household, in the automotive industry, and in industry in general. Approximately 60 per cent of our business is in houseware products, 25 per cent in the automotive business, and 15 per cent in the commercial and industrial fields.

I am giving you this information to provide you with some background of the data that I will subsequently present. Approximately 60 per cent of our business is in the manufacture of products made from plastic and 40 per cent in products made from rubber. All of our manufacturing is done in Mississauga, Ontario. We occupy approximately 360,000 square feet of floor space in our manufacturing and warehousing operations, and we employ approximately 360 people. Our average capital investment per employee is about \$40,000 per employee. The United Automobile Workers is a certified bargaining agent for our plant work force, and we pay UAW wage rates.

**Senator Croll:** When you say 360, can you break that down to men, women and youngsters?

**Mr. Mallory:** Yes. Approximately 60 per cent of our work force is female, and the balance is male. Eighty per cent of our work force is unskilled. Our lowest wage rate in the factory—that is for a sweeper or a packing stamper—is \$3.48 per hour. The top rate is \$5.53 an hour, and within six weeks, by union contract, the lowest rate will be approximately \$4 per hour and the top rate will be \$6.25 per hour.

I mention that to put it within some degree of context with the remarks which have been made in the earlier submissions about wage rates and so on. Rubbermaid pays the full cost for all employees and their eligible dependents of the following benefits—that is, Rubbermaid pays the whole cost for all of its employees and dependents: Group

life insurance; Ontario Health Insurance—that is semi-private hospital care insurance; weekly sickness and accident income indemnity insurance; extended health care insurance—which is major medical; a pension plan; and a profit-sharing retirement plan.

Let me comment that until eight years ago the profit-sharing retirement plan was available to all employees. The UAW was certified as a bargaining agent in our company eight years ago and they convinced the hourly paid people in the factories that they would be better off to have straight wage rates than to participate in profit-sharing. So they opted out of the profit-sharing plan. Therefore, since 1960 salaried employees only have been in the profit-sharing retirement program and hourly workers have not, by the choice of their unions.

The plant generally works three full shifts per day, five days a week, eight hours per shift.

I would now like to present a quick synopsis of our experience with Canada Manpower over the last year to one year and a half. Perhaps I could have the first slide. Can everyone read that slide?

**Senator Croll:** It is not very clear. You read it to us.

**Mr. Mallory:** The top line says that from September to December 1974 we had open orders placed with Canada Manpower—that is for unskilled labour—meaning that we would take all unskilled labour they were able to send us. From January to April 1975 we placed 29 separate orders for unskilled labour. From September 1974 until April 1975, eight months, we had 65 referrals from Canada Manpower. We hired four. By hiring four, I mean there were four people who met our demand for unskilled labour, and we hired them. The balance did not.

The next category is skilled classifications. From January 1974 to April 1975 we had an open order with Canada Manpower for certain skilled classifications. We had five referrals and we hired one, and that hire was just very recently.

At the bottom half of the page we deal with clerical vacancies. From September, 1974 until April, 1975, an eight-month period, we placed 11 orders with Canada Manpower. We had 30 referrals and we hired one. That hire, to my knowledge, is the only hire of clerical help we have been able to get through Canada Manpower in five years.

**Senator Croll:** What do you mean by "clerical help"?

**Mr. Mallory:** Stenographers, clerks, qualified office help. That hire represents a receptionist who was hired one month ago. That is the first hire, to my knowledge, we have been able to get through Canada Manpower in five years.

**Senator Thompson:** Is that through the Oakville office, or one of the Toronto branches?

**Mr. Mallory:** We have been dealing with the office at Highway No. 5 and Highway No. 10 in Mississauga. That has now been changed and we have been requested to send all orders to the Bloor-Islington office, which we are doing.

Next, we deal with newspaper advertisements. From September, 1974 until April, 1975, again an eight-month period, we placed 42 newspaper advertisements for factory and office positions, as a result of which we hired 31 people. In the same period, dealing with personnel vacancies—these were clerical vacancies only—we placed orders with personnel agencies six times for six jobs and we hired

three out of the six. We had a batting average of 50 per cent through personnel agencies.

**Senator Manning:** Mr. Mallory, before we leave this chart, can you give us some idea of the number of responses received to the 42 newspaper advertisements from which you hired 31 people?

**Mr. Mallory:** I am sorry, senator, I cannot.

**Senator Manning:** Would the ratio be much less than that of referrals?

**Mr. Mallory:** The response to ads is reasonably good, but I cannot tell you the number.

I sent a letter to Senator Everett in January in response to his questionnaire. I understand that has now been circulated to all members of the committee.

**The Chairman:** Yes.

**Mr. Mallory:** Rather than go through it, I should like to touch on the highlights. You do not necessarily have to refer to the letter.

A job description of every job in our company has been provided to the Canada Manpower office, so that if we have a vacancy the local Manpower office will have immediate access to the full job description.

On the screen now is a typical job description. This particular job is that of a maintenance superintendent. This will give you some idea of the kind of detail we go into in describing what is required for that particular job, and every job in our company, whether it be clerical, sales, manufacturing, marketing, maintenance, engineering, skilled trades, or whatever, is described in that kind of detail and provided to Canada Manpower.

**Senator Croll:** How do you describe the job of an unskilled man?

**Mr. Mallory:** We would describe it usually by size and ability to do general labour work. It would not necessarily be that kind of detail, Senator Croll. There are certain minimum requirements that we ask for, mostly physical requirements.

We feel that by providing Canada Manpower with this kind of information they will have immediate access to the job description, thereby saving our time and theirs, as well as enhancing the success ratio of matching the applicant to the job. In spite of this, however, we continuously receive applicants who have not been screened and who in no way match the job descriptions. This is a useless, frustrating exercise, and wastes the time of our personnel department. In addition, I am sure it is a constant source of annoyance to the unsuccessful candidate.

All job vacancies that occur in our company in respect of all positions are listed with the Canada Manpower office.

**The Chairman:** Including management?

**Mr. Mallory:** Including management, yes. Experience has shown that Canada Manpower is the least effective source for placement purposes, as was shown on the previous chart. The most successful sources have been newspaper advertisements and word-of-mouth, as well as private placement agencies, particularly for clerical, professional and management vacancies.

With respect to office positions, we rarely have a candidate directed to us by Canada Manpower. We have had no



success in hiring trained, skilled employees from Canada Manpower, and we have never, to my knowledge, been successful in hiring any supervisory personnel through Canada Manpower.

Our company liaises on a regular basis with the local Manpower centres and at our request we have had a counsellor from the Manpower office visit our plant and tour our facilities so that he could see first-hand the working environment and the type of duties that each individual performs. It is our view that this type of exposure should assist the officer in supplying us with qualified candidates. In spite of this, we are still experiencing inadequate screening of referrals. We have never had a request to my knowledge, from Canada Manpower to have any counsellors tour our facilities other than the one mentioned above, which was at our initiative.

The Honourable Mr. Andras in his testimony on February 13, page 9, referred to his observations on a trip he had made to Germany regarding the labour scene and training programs in Germany. He stated that training expenditures in Germany had increased astronomically and were still going up. These expenses went up four times between 1968-69 and 1972. He stated that this policy on training expenses was the result of new legislation in Germany and that there may be a shift in expenditure from the private sector to the government sector.

He further stated that this bothered him a bit inasmuch as it seemed to be evidence of the degree to which employers have abandoned their own training programs.

He stated that some of the very large companies in Canada used to have a very heavy training program of their own, but that has now changed.

I would like to comment briefly on Mr. Andras' statement. I am somewhat familiar with the situation in Germany. I lived in Paris, France, for four years, from 1965 through 1969, and was responsible for the European operations of the company I was with at that time, one of which was in Germany. With respect to the company I head at the present time, I am responsible for all European operations, and our headquarters are in Germany. I am in Germany very frequently, so, as I say, I am somewhat familiar with the conditions that exist in Germany.

In the period to which the Honourable Mr. Andras referred, there was zero unemployment in Germany. In fact, during this period there were approximately three million guest workers imported into Germany from foreign countries to satisfy the labour demands.

Few of these imports spoke German and it was necessary for the federal government to institute training programs, both within industry and under the aegis of the federal government, to prepare these unskilled workers for work in German industry.

This situation has not existed in Canada. In fact the reverse is true. We have been existing with an almost unprecedented rate of unemployment, side by side with an almost unprecedented rate of job vacancies, throughout 1973 and 1974.

Furthermore, I am not aware that it is anything more than loose generalization to state that employers have abandoned their own training responsibilities. We have used Canada Manpower training grants on one occasion—1974—for the purpose of training plastic injection moulding machine set-up personnel. That is a somewhat semi-skilled operation where we train people to set up these

large machines which make moulds for manufacturing products such as plastic trays and so forth. These men set up the machine, put the mould in place, and make sure it is ready to operate.

We used Manpower training grants on one occasion in 1974, as I mentioned for the training of these people. This program was implemented to help alleviate a critical shortage of set-up personnel in one of our major manufacturing departments.

The Canada Manpower representative proved most helpful in securing the necessary approvals for the training grants, even though it took two months to secure these approvals. I would have thought it could have been done in a shorter time, but I am not being necessarily critical.

During the course of preparing for this program, we worked closely with Canada Manpower to both register the program and to attempt to obtain six trainees for the program.

We were finally successful in obtaining registration and approval, only to find we were totally unsuccessful in having Canada Manpower send us any referrals for the trainee openings. We got nothing from Canada Manpower.

We finally abandoned Canada Manpower and obtained the six trainees by using newspaper advertising. We did not receive one single referral for a trainee position from Canada Manpower.

The program itself was successful and we are presently running the same program again for other candidates. We made an assumption that, once having the program approved, to repeat the same program would require only formal approval, which we assumed might take one or two weeks. Once more we were frustrated, and decided to forego the grant system because of the exigencies of time, for this second training program.

We gave Canada Manpower an open order to supply trainees to us for this second program. We did not receive one single referral.

I would like again to refer to a comment made by the Honourable Mr. Andras in his testimony of February 13, page 10:

Employers with good jobs to offer do not really have extraordinary difficulty in good times in filling them and usually they are in a position to pick and choose who will get them.

This, gentlemen, is a gross overstatement; in fact, it is not true. I quote again from Mr. Andras:

For this reason they do not really need Canada Manpower and do not often use Canada Manpower. As a result Canada Manpower has suffered from the problem resulting from getting the poorer jobs offered to them to fill, matched with the harder-to-place workers... Here I am referring to those with the lowest skill level and the lowest accompanying rates of pay. The bulk of the low or semi-skilled vacancies to which I have referred offered rates of pay barely above the minimum wage.

I find that very difficult to reconcile with our experience and the experience of others in industry in exactly the same position. I also found some difficulty in understanding how Canada Manpower could make a statement that they placed 70 per cent of all the applicants when they say all they get are the harder-to-place workers and the poorer jobs. I reject totally the minister's inferences, for they bear



little resemblance to conditions in industry as I have observed them.

The general consensus amongst the people with whom I have talked in industry and associations of employers seems to be that the aggressive worker who really wants to work and has any ability will not generally register with Canada Manpower and can usually find a job on his own, either responding to newspaper advertising or through placement agencies or through friends, or through sheer knocking on doors.

Most certainly, as I mentioned to you, we sent Canada Manpower all of our jobs, as did many other companies, but I do not necessarily know that that is the national pattern.

It would appear to be logical to assume that if Canada Manpower could provide the service with no charge, on a reliable basis, then employers would be rather foolish not to use the service.

There must be a reason why employers are willing to pay a fee to higher placement agencies, to place advertisements in newspapers, to locate people, if they could get them free from Manpower with any degree of reliable service.

I would like to comment briefly also on another statement before this committee made by the Honourable Mr. Andras. This statement appears in the report of the hearing of March 20, 1975, page 7:

There is one particular employer I have in mind . . . I do not want to name the employer but rather to give you an example. This employer has a staff composed of 3,000 employees with an annual turnover rate of 50 per cent . . . I do not think there is any service in Canada, certainly no public service, that rightly should contribute to the perpetuation of such a staff turnover. There is something wrong there, obviously some remedies should be employed.

I would like to say to honourable senators, and to everybody in this room today, that I believe it is not unfair to say that the minister is not in touch with reality. He might be interested to know that in the city of Mississauga many companies experience a turnover rate of over 100 per cent annually, and this is the norm. These are companies that have good rates of pay and for the most part reasonably good working conditions.

Our company has at times experienced turnover rates of over 100 per cent and today in some departments we would experience a turnover rate of 100 per cent.

**Senator Croll:** Would you take a minute to explain that to us, because it shakes us a little. Give us your view as to why these things happen. This is quite a broad problem I am sure it is there, but why does it happen—turnovers of 100 per cent and 60 per cent?

**Mr. Mallory:** There is a high degree of mobility in the labour force, particularly in the Metropolitan Toronto area and particularly in Mississauga. Plant employees will move from job to job for minimal changes in rates of pay, as union contracts are settled at the astronomical rates of settlement we see today. An employee move from one job to another where he is granted 18 per cent a year increase by a union contract, whereas he was existing on a 10 per cent increase. They will simply walk out and leave.

**Senator Barrow:** But he goes to that job without registering with a Canada Manpower Centre? They never see him?

**Mr. Mallory:** He does not have to go through a Canada Manpower Centre. They never see him.

**The Chairman:** Perhaps we could hold the questions until the witness has finished, otherwise we will string the statements out too long. If that is agreeable to honourable senators, I will ask Mr. Mallory to proceed.

**Mr. Mallory:** Employees, and particularly younger employees, will enroll in a job and will work the necessary amount of time to obtain enough money to do whatever young people do, and that is going off on skiing trips or wherever they go. They will come back and work another few months, to get some more money, and away they go again. I am not exaggerating when I make that statement. That is a pattern that we are seeing more and more every day in industry.

Some of the employees will move for better working conditions and some will simply move, and some will simply leave, because they want a holiday. You hear frequently expressed the fact "I would like a holiday." In fact in our company last year we took a ten weeks' strike. There was no climate for a strike in our company. One of the most frequently heard comments, mostly amongst the women, was that "Summer is here and we would like to have a holiday." We took a ten weeks' strike because of that. I would not want to imply that that is the only reason for it. There are cases for all these reasons that apply.

I must also suggest here that there are certainly very many employers who do not do their part in properly filling out the "record of employment" sheets when people leave a job, for whatever reason they leave. To the degree that is happening, it most assuredly compounds the problem of the UIC and Canada Manpower.

I am sure that that exists, that the foreman might think that this employee is a nice guy and he gives him a good recommendation on his leaving sheet. I suspect there is a good deal of fault on the part of employers as well.

We have open listings, apart from Canada Manpower, with the following agencies for the handicapped: Canadian Hearing Society; Metro Association for the Mentally Retarded; South Peel Association for the Mentally Retarded; John Howard Society; The Fortune Society. Any of those can send to us at any time for a job.

We have had some success with these agencies but not nearly enough to satisfy our requirements. We have had representatives, I believe I am correct, from all these agencies to view our plant, to observe our working conditions, so that they will understand the kind of jobs that those people would be employed in.

**Mr. Chairman,** if I may be permitted, there are one or two general observations that I would like to make. First of all, I have attempted in the information I have presented, to be constructively critical, and I hope that the committee and the Department of Manpower and Immigration will accept what I have to say in that light.

After reading all of the testimony that has been presented to date, it strikes me that Canada Manpower is struggling with an immense job, but I sincerely, truly feel they are trying to be all things to all people. In so doing, they are frustrating the poor person who is earnestly looking for a job and cannot find one, they are totally frustrating employers who are looking for employees and cannot find them, and at the same time they are frustrating themselves because of their inability to monitor the success of all of the programs which they have currently in operation.

As I have mentioned to you, there seems to be substantial evidence that Canada Manpower are not doing a good job of matching jobs to people, and they are not being forceful enough in—I do not like to use the word “push”, and probably “persuade” would be better—in persuading people to take jobs. There seems to be a general feeling among Canada Manpower that people are free to choose, and that they should be able to choose whether they want to work or whether they do not want to work. That may perhaps be a gross oversimplification but that is the way I personally feel. Nowhere in all of the submissions to the committee by the Department of Manpower and Immigration have I noted a definition by anyone within the department of what the real hard-core problem actually is, clearly and succinctly stated.

What is the real problem we are trying to solve in Canada Manpower? I have seen many objectives set, and program outlines for many different types of activity being undertaken by the department, but I would like to have someone explain to me how anyone can meaningfully set objectives and outline programs if they have not defined what the problem is that they are trying to solve, particularly in a \$700 million venture. If they have not defined the problem, how will they ever know whether they are approaching a solution in their ever proliferating programs and objectives?

The Canada Manpower Division keeps piling on itself more and more services and agencies, each setting new objectives and outlining new programs which, of course, demands very rapidly increasing expenditures. Many of them are not related necessarily to the hard core problem, which is, in my opinion, getting people off the rolls and back to work, to stop all these frills and extraneous, beautiful sounding programs that are not really the hard core issue in this country.

We in Canada are facing an economic crisis that could be of immense proportions. We are at present paying, in many industries, wage rates higher than the rates in the United States, and probably higher than all the countries in the western industrialized world.

Our manufacturing costs in Canada are generally assumed to be approximately 20 per cent higher in most industries than in the U. S. A. Our productivity in Canadian industry is low and is falling compared to most other countries in the western world.

Canada has one of the highest unemployment rates in the western world and at the same time, has had, certainly through 1974, an unparalleled rate of job vacancies. This paradox cannot be explained away in the facile manner adopted by our government officials.

Our high wage rates are already hurting our export trade and are going to continue to do so. Our balance of payments in 1975 is estimated to be between \$4 billion and \$5 billion. Our balance of trade is worsening rapidly.

In order to keep our exports in any way competitive, the value of our currency will most certainly fall, and we are already seeing a drastic fall in the rate of exchange of the Canadian dollars vis-à-vis other currencies, particularly vis-à-vis the U. S. dollar. This will most certainly lower the standard of living in Canada as we rely heavily on imports, or it will increase inflation, or both.

In summary, I would respectfully suggest to the Department of Manpower and Immigration that they take time now to review the entire range of programs that are in existence, somewhat within the following framework:

1. Clearly state the problem, or problems, that they are trying to solve, which I have seen no evidence of to date.

2. Establish a priority ranking of each of these.

3. Determine the programs which must have immediate attention, and discard or put on a low priority rating the balance.

4. Delay those that are not critical and urgent on a national basis.

5. Set time parameters on each program.

6. Re-allocate available resources, both manpower and money, to launch an all-out attack on the more urgent of the problems.

They may well find they could assist in cutting government expenditures at a time when this is a very critical factor to our whole nation. On the other hand, they may find that with the same dollars they could, by directing their attention to the urgent problems, eliminate a great many people from the unemployment rolls.

Thank you very much.

**The Chairman:** Thank you, Mr. Mallory. The committee is undoubtedly impressed with the fact that you took the trouble, before doing your study and making your statement, to read the entire proceedings and papers that have been previously submitted.

I would like now to call on Mr. Dressler and Mr. Fust on behalf of Hoffmann-LaRoche.

**Mr. M. C. Dressler (Vice-President, Hoffmann-LaRoche Ltd.):** On behalf of our company, I wish to thank your committee for this opportunity to appear before you and to share the experiences we have had with the Canada Manpower Centres.

Before making any specific comments, I would like at this time to make a few introductory remarks about our organization. The Hoffmann-LaRoche group, which has its headquarters in the city of Basle, Switzerland, is today recognized as one of the world's leading pharmaceutical companies with manufacturing facilities in some 35 countries.

Roche Canada, which is a member of this organization, was established in 1931 in Montreal. We are a medium-sized manufacturing company located in Vaudreuil, Quebec. Our head office and plant facilities are at this same location which is just off the western tip of Montreal and approximately 30 miles from downtown Montreal.

Our product range includes pharmaceuticals, bulk vitamins, diagnostics, bioelectronics and cosmetics.

Besides administrative offices, we have quality control laboratories, chemical manufacturing, pharmaceutical processing, packaging, warehousing, maintenance and a power plant.

We employ a total of 375 people in our Canadian company of which 140 employees are in office positions and 150 employees are in plant positions in Vaudreuil. Our capital outlay is approximately \$20 million, on 300 acres, and we occupy about half a million square feet of buildings.

Now that I have given you a brief outline of our company, I would like to introduce our Personnel Manager, Mr. Norman Fust, who will discuss our past experiences with the Manpower services. Mr. Fust has 11 years' background in the personnel field, of which eight years have been in



management. His experience has been in the textile, chemical, cosmetic and pharmaceutical industries.

Mr. Chairman, if I may be allowed to do so later, I would like to comment on some of the presentations, and also on the proceedings of February 13, if time permits.

**The Chairman:** What does that refer to?

**Mr. Dressler:** Issue 4, page 10, February 13.

**The Chairman:** The witness?

**Mr. Dressler:** Mr. Andras.

**Mr. Norman Fust (Personnel Manager, Hoffmann-LaRoche Ltd.):** Mr. Chairman and honourable senators, as you can see by the number of employees mentioned by Mr. Dressler, we are not a labour intensive organization but rather one which is capital intensive. We are using more and more automation and we expect this trend to continue in the years ahead. We have very few unskilled workers and the majority would fall into the classifications of semi-skilled and skilled labour. As far as our employment needs go, we usually hire about 60 permanent employees, 15 summer students and 75 temporary employees each year.

At this time I would like to elaborate on some of our comments which were sent in writing to your chairman, the Honourable Senator Douglas Everett, on January 24, 1975.

We rarely register job vacancies with the Manpower office because of our experiences over the past few years. We generally have been unable to obtain qualified applicants whenever we have placed a job vacancy. Furthermore, we experienced poor co-operation. Job specifications such as education, experience are often mixed up or not followed by the Manpower staff. Very little attention is paid to the urgency of a particular opening and the follow-up by their staff with our personnel department is virtually non-existent.

I would now like to comment on the methods of filling job vacancies. Our normal way of filling open positions is as follows: promote from within, applicant files, newspaper advertising and private placement agencies. If we were asked to compare the effectiveness of the Canada Manpower Centre with the previously mentioned methods, we would rank the Manpower Centre very low. The methods which we use are more costly to our organization but they prove to be more reliable and efficient. I think it is significant to point out that private placement agencies are motivated by profit and that the Canada Manpower Centre relates more to solving social problems. Because of this fact I am convinced that the private agencies will always be superior when it comes to servicing corporate clients like ourselves with the type of job classifications that we have in our industry. I am not talking about unskilled labour.

I will now say a few words on the service provided by Canada Manpower Centres. From our past experience the Canada Manpower Service tends to be slow and inefficient. They often disregard written or specific verbal requirements provided by our company. We have experienced poor referrals and they do not bother to follow up whenever we register a job vacancy. In the majority of cases, applicants do not meet our specified standards; that is, they lack the required experience or training.

On the other hand, our experience with the executive-professional office located in the Stock Exchange Tower in Montreal has been rather good and worthwhile continuing. The staff seems better qualified and their service is much more efficient. We have had good referrals and we are satisfied with their follow-up procedures. Their consultants keep in touch with our company to find out what types of openings exist. They will sometimes send us a listing of applicants who are registered with their office. Should a foreigner with a background in pharmacy, chemistry or medicine register with their office, the consultant will frequently call us to discuss the file and any suitable openings that may exist on our files.

I would like now to comment on the use of job descriptions. In the past we have always made available written job descriptions or specifications to the Manpower office. In order to save time, we sometimes gave this information over the telephone. On several occasions, we have even invited local Manpower personnel to visit our premises in order to have a first-hand look at our operation. The purpose was really two-fold: it permitted us to get acquainted, and the Manpower staff could obtain a better understanding of our organization and the types of positions which we have.

If I may at this time I shall say a few words on training programs. We have never used a Canada Manpower training program. At the beginning of 1974, we approached Canada Manpower through an association consisting of 30 companies in Montreal. The majority of our membership agreed that there was a serious shortage of set-up mechanics and that there was a need to establish a proper training program. We were informed by the Manpower office that this would have to be justified through an initial study which would cost about \$10,000.

**Senator Croll:** It would cost whom \$10,000?

**Mr. Fust:** Us. A committee was supposed to be formed and it would have taken some six months to establish and evaluate the true needs. Furthermore, there was no guarantee that the Manpower office would go along with such a training program. Due to the cost, red tape, time and uncertainty, the association decided against this training program. Another reason that we have never used a Manpower training program—and here I am talking about Hoffmann-LaRoche—is the imposed restrictions to choose only candidates who are registered with the Manpower Centre.

Up to this point, I have had the opportunity to relate many of the negative aspects of our experiences with the Canada Manpower Centres, but I believe that it is more important to examine some of the ways in which we can improve the services of this organization. I would like to make the following suggestions.

The only contact we have with the Canada Manpower Centre is through the individual counsellor who registers the opening. I would recommend that certain supervisory or management staff from the Manpower office visit the corporate customers to discuss the services being offered and the various problems which arise from time to time. I feel that the Canada Manpower centres need a revised marketing program to accomplish the following objectives:

- Attract a sufficient number of qualified applicants
- Encourage and build confidence amongst employers to use this service.



As Mr. Boyd, Director General, Ontario Region, Department of Manpower and Immigration, pointed out on February 27, 1975, the key is the establishment of open lines of communication between the employer and the Canada Manpower Centre. I think this is a very important point.

In closing, I wish to point out that my comments today relate only to the Manpower offices located in our region, and do not necessarily indicate what is happening in other parts of Canada. I sincerely hope that this information will be of use to you in evaluating the services provided by the Canada Manpower Centres. As these services are paid for by the Canadian taxpayers, we are extremely interested to see that the best possible program can be developed. Needless to say, this can only be achieved through much closer co-operation between our government and industry.

**Senator Croll:** Mr. Chairman, I have a question to ask. Do you have a Manpower office in your municipality?

**Mr. Fust:** Yes.

**Senator Croll:** And it has been there for some time?

**Mr. Fust:** Yes.

**Senator Croll:** You do not rely on Montreal?

**Mr. Fust:** What happens is that when we register an opening with the local Manpower office they automatically send it to the other areas in Montreal such as the West Island community. I do not think they send it to the downtown area. I think it is primarily in the western region of Montreal.

**The Chairman:** Thank you, Mr. Fust.

And now we have Mr. Dibblee on behalf of Procor Ltd.

**Mr. A. C. Dibblee, Director of Personnel, Procor Ltd.:** Mr. Chairman and honourable senators, thank you for your invitation to appear before you to acquaint you with the situation of Procor Ltd. and our experience as an employer of a variety of skilled trade categories at our various locations across Canada.

Procor has its head office and manufacturing plant at Oakville, Ontario, which is about midway between Hamilton and Toronto. It is not an area that generates or has a large labour pool, particularly to meet our requirements, and consequently our employment efforts cover a radius of up to 35 or 40 miles from the plant. In our area, as you are aware, there is considerable competition for skilled categories as well as for the unskilled. In our immediate area we have Ford, Mack Truck, Canadian General Electric, and in Hamilton we have Stelco, Dofasco, International Harvester, Westinghouse, National Steel plus a variety of secondary industries. The net result is that in the immediate area there is generally a very low level of unemployment. In addition to the Oakville location we also have rail car repair shops, strategically located for our business, which is manufacturing and leasing, maintenance and repair of our own vehicles, at Halifax, Montreal, Oakville, Regina and Edmonton. Then we have a terminal facility in Vancouver. These latter locations are small locations, with about 20 men. We found that over a period of time we had retained work forces there so there is no real turnover of any size which would necessitate employment in these other areas. As I indicated, the Oakville plant is engaged in the manufacture of railway tank cars of various types and sizes, which are mostly tank cars or pressure vessels on wheels. We have a work force normally of between 300 and 400. This has increased to 500, of which 85 to 90 per cent are

in what we call the skilled categories. Half of that number would be welders. The following is an example of our production, starting in the year 1968. In 1968 we produced 809 tank cars; in 1969, 909; in 1970, a considerable drop to 419; in 1971, 389; in 1972, 411; in 1973, 680; in 1974, 838; and to date this year, in the four months, 165.

Our customers lease our cars, being such companies as Imperial Oil, CP Rail, Canadian Industries Limited, Shell Canada Limited, Canadian National Railways, British Columbia Railway, Dome Petroleum, McIntyre Mines, Cominco, Gulf Oil and a variety of chemical, petrochemical and petroleum companies. We carry on considerable hiring and attempt to obtain the skilled level. However, we are realistic enough to know that they are not available to us in our area. Therefore we would hire trainable types, involving reference tests and we also require tests of skills. Because we cannot obtain the skilled type, we carry on a continuous training operation. To some extent there has been significant turn over at our plant. Going back to the same number of years: In 1968 we hired 362 in the plant; in 1969, 281; in 1970, 118; in 1971, 187; in 1972, 290; in 1973, 347; and last year, 1974, 521 were hired.

**Senator Croll:** Is that training in co-operation with the government?

**Mr. Dibblee:** Yes; I will be coming to that, Senator Croll.

**Senator Graham:** Does that represent an almost 100 per cent turnover in 1974?

**Mr. Dibblee:** Yes; well, last year was around 500, so we hired 521.

**Senator Desruisseaux:** Mr. Chairman, as further clarification, are these men employed steadily throughout the year, or is it on an off-and-on basis?

**Mr. Dibblee:** Over the last three years it has been steady, sir. We are now in a lay-off situation, but again this is due to the state of demand for our product.

**Senator Croll:** And you have a union contract?

**Mr. Dibblee:** Yes; we are currently also in negotiation.

**Senator Croll:** Actually you are the richest municipality in Canada.

**Mr. Dibblee:** The question of lay-off has been raised, or why turnover—I should not say “lay-off”, but why turnover? As I indicated, we have up to 35 to 40 miles for some of our people to travel. It is shift work, dirty, heavy, smoky, hot, noisy and dark, welding inside the tanks. You have heard some evidence with relation to wages, new settlements, competitive rates. Very much of a leapfrog situation exists and workers will leave for 10 cents more per hour.

We also set realistic standards of performance; we have a probationary period; we want quality work; we are willing to pay competitive levels; we want safe work and we realize that once the product leaves our plant it must be structurally safe if it goes on the railway. I am indicating that some of the turnover is attributable to ourselves by reason of our insistence on these standards.

**Senator Croll:** You did not inform us of the average wage, did you?

**Mr. Dibblee:** The average wage in our plant is \$5.10 per hour. The skilled categories are \$5.35 minimum, to \$5.75, and that is currently, as I indicated, under negotiation.

What is the source of our manpower? I would have to say newspaper advertising in the local papers along the lake-shore, in Toronto and Hamilton. Another source is by contacting fellow personnel officers with other companies which are in the process of lying off. All our openings are listed in Manpower offices. Another source is friends of employees, drop-ins. We also have had referrals from the immigration officials particularly and the Ontario Department of Industry and Tourism. Lastly, but not least, for plant labour we have used placement agencies for special skills. I must say that 90 per cent of workers we get into the plant are as a result of direct advertising.

With respect to the Manpower office in Oakville, we cannot depend on the local office to supply the skills, and only a few trainable labourers or helpers are available from that source. We have on our own initiative arranged through the local Manpower office for them to contact other offices. We have received 10, I would say semi-skilled, employees from the training school at Stephenville in Newfoundland, but their efforts followed our initiative in that regard. We have had them contact North Bay, Sudbury and St. Catharines.

By and large, I have to say that the local offices of Manpower run a very hit-and-miss affair. They tend to refer bodies only and there is no quality interview. As I indicated earlier, we have a desire to train and promote our personnel and we must select the suitable ones from whatever comes to us. This, in our experience, has not proved to be too successful. If there is no one available at the local Manpower office, it seems to end right there, except when we ask them specifically to contact these other offices on our behalf.

With respect to training, over the last 10 years at our Oakville location we have engaged in a constant and continuous training activity, with considerable success. It is essentially trade training, teaching the basic skills, or upgrading skills. Again our basic requirements would be welding. However, we have trained radiologists, crane operators, forklift operators, and others. The backbone of our training activities is a welding school, which is open to all employees after hours and on Saturdays. We have on our force three instructors, including the welding supervisor. We operate shift work, so if the people wish to arrive two hours early in the afternoon they can get practice in this welding school. The day workers can stay over two hours on their own time in the evening, plus four hours on Saturday morning, again on their own time. In 1967 and in 1968 we undertook two projects of training with the Ontario Department of Labour, through their apprenticeship branch. At that time the Department of Education was also involved. A subsidy was paid for employees who successfully completed the training. This subsidy amounted to approximately \$250 per trainee. We received no credit at all for these who commenced the program and part-way through, after receiving some basic skills, left our employ. A total of 231 employees in that initial course, plus subsequent projects run with the Department of Labour, successfully completed.

**Senator Desruisseaux:** How long is the course?

**Mr. Dibblee:** It is a given number of hours of training time. It was a project approved by the Department of Labour, involving approximately 200 classroom hours for certain categories and 200 plant hours. This was on-the-job training; they were paid while they were on this program. 1970 was the last year when the training courses were

carried out under this Department of Labour aspect, at which time, as I indicated, a government subsidy was paid.

In October, 1970, an on-the-job training project was initiated, which would involve about 100 more trainees. However, by about June, 1971, more than six months later, our efforts to proceed ceased and the project was abandoned.

Canada Manpower had entered the scene directly in October, 1970, and considerable time was spent in analyzing the results of the previous on-the-job training program to involve these 231 graduates.

Other adverse aspects from our point of view were that the training hours we felt were necessary to give people the necessary skills were reduced; paper work and reports simply overwhelmed us, and would have necessitated hiring an additional clerk, plus a welding supervisor who, we calculated, would have spent a quarter of his time on it. We assessed the additional cost to be in the neighbourhood of \$10,000.

Manpower officials stressed making training available to the unemployed that they would refer. Manpower officials were not sold on skill upgrading. Money seemed to them better spent on the basic skill training. The net result was, our plant officials felt that the majority of training costs would have to be borne by the company in any event. As I indicated, in June, 1971, more than six months later, we decided not to proceed with the government program.

Since that time, however, the company has trained on the job, as the need dictated, these 21 people, including 10 hired from Newfoundland, who were put on this skill upgrading course and successfully completed it. Since that time, too, over 100 have benefitted from our welding school operation. This is on their own time. They have upgraded themselves to include both skills and a higher wage rate.

The company is committed to a program of training and skill upgrading. In this regard, we arranged with the Aluminum Company of Canada, because we were making an aluminum car, to have five of our best welders attend their facilities and receive training in welding techniques of aluminum. This took five days. I think Mr. Andras would be interested in knowing that we intend to continue our own training, and we feel we are better off for it.

While we would like to retain all the employees we have trained in our work force, we accept turnover as a fact, due in part to our location. There is the turnover summary that I have indicated. Also, we must realize the demand for our product by our customers as a controlling aspect here too. Their orders dictate the number of cars and how busy our plants will be in any given year.

We know our trained people have done well in subsequent jobs. As indicated, Manpower officials did analyse the results of the previous on-the-job training program, and advised us that very few of these people were unemployed. We have also contacted laid-off employees, or previous employees, particularly last year and the year before when there were no employees generally available to us; very few came back, and a lot are claiming that they have received better jobs as a result of their training.

As both former employees and subsequent employers have benefitted from our training program, we certainly feel it is fitting that some government reimbursement for our training efforts should apply, and they may well undertake a joint program or project at some time in the future. However, if the cost to the company in terms of



time and effort by plant officials and actual pay to trainees while on the job outweighs the value received, then we must decline government participation and carry on meeting our training needs in our own way.

**The Chairman:** I would now like to call on Mr. MacKenzie on behalf of the Hudson's Bay Company.

**Mr. M. H. MacKenzie, Director of Personnel, Hudson's Bay Company:** Mr. Chairman, honourable senators: In the instructions I received concerning my attendance at these proceedings it was suggested that I should make an opening statement describing the nature of the Hudson's Bay Company and identifying the areas where the services of Canada Manpower have or have not been helpful to us with our employment needs. I will try to do as requested.

In terms of size, the Hudson's Bay Company last year had sales of slightly over \$1 billion. Hudson's Bay Company's main business is retailing, and it is located in over 250 Canadian communities. It also has a wholesale department, as well as interests in the oil industry, real estate and the fur trade.

The company's wholesale department is a natural development of its widespread trading activities. There are about 35 wholesale branches, located from Halifax to Vancouver Island, dealing in tobacco, confectionery and sundries such as gift wares, camera supplies and so on.

Within the last three years we started a new venture called Shoprite Catalogue Stores, and there are now 53 of these stores in Toronto and southern Ontario. Through these outlets merchandise is sold, using full colour catalogues. It is too early to say how successful this operation will be, but it is providing a type of store operation which interests a good many shoppers.

Our retail operations fall into two broad organizational groups. First are our northern stores. These stores, in excess of 225 in number, are located in the smaller and more remote communities, extending from Newfoundland to Vancouver Island, and from the north shore of Lake Superior in the south to north of the Arctic Circle. The stores vary in size from those employing 40 or 50 people to the smallest operated by a store manager and a clerk.

The second part of our retail operations is the department stores. We operate these stores in seven major regions: Montreal, Ottawa, Toronto, a central region which includes Winnipeg, Saskatoon and Regina, then Edmonton and Calgary, and finally the western region, which includes the stores in Vancouver, Victoria, and six stores in the Okanagan and central British Columbia.

In the company we have about 20,000 people. This figure is calculated in terms of 37½ hour a week equivalents. I would say that there are about 12,000 full-time staff, and the remaining 8,000 are made up of a good many more part-time staff.

We are a decentralized organization in many aspects, and we have a personnel manager at each major store and at each operating headquarters across the country.

In preparing the original reply to the questionnaire sent out by your committee and in preparing for this meeting today, I recognized that I personally had not been in direct contact with any of the Canada Manpower officers for some time. I therefore talked to most of our senior personnel managers, and the views I express regarding Canada Manpower represent the most commonly held opinions of our personnel people in the field.

Their views are generally as follows. First, while practice differs somewhat from place to place, most of our operating units restrict their use of Canada Manpower facilities to relatively low skill positions, mostly of an entry level or manual labour. I am told that requests for this type of person are usually handled quickly and efficiently. Secondly, for higher skill sales and office positions we have found our own file of applicants and our own recruiting methods more effective. Thirdly, in recent years we have opened quite a number of new suburban stores in the major centres. These might require a staff of 150 to 200 people. In our experience, Canada Manpower has done an excellent job for us in the initial recruiting for these stores. They have provided facilities for interviewing by our personnel people, they have arranged a good flow of applicants, and generally have met our needs in this respect very well.

Over the years we have made extensive use of Canada Manpower offices located on the campuses of universities and community colleges. These campus offices have been extremely helpful in arranging on-campus interviews with graduating students. Performance has varied from campus to campus, but the Manpower offices, I would say, are nearly all in the good to outstanding class.

We have really made use of Canada Manpower for filling executive level positions.

In closing, I would like to make the following three suggestions that we think are valid towards improvement in Canada Manpower services: First, we think, for major employers in large centres, Canada Manpower could well assign a single person to be the contact with a firm. As it is now, one has to contact a different person for each type of work one wishes to hire for. A single contact could develop over time a more complete understanding of the employer's needs and wants, and could eventually ensure that the applicants referred would be what is wanted. A single contact would also make the whole process of listing vacancies less impersonal and could leave the employer with an impression of individualized service.

When dealing with a private agency, the agency normally tries to develop a close person-to-person relationship with the firm's employment people in order to secure repeat business. Canada Manpower could well do the same.

Second, rightly or wrongly we suspect that Canada Manpower activities are measured in terms of numbers of referrals made. In fact, of course, every referral of a person who is not well suited for the job inevitably increases the employer's reluctance to use Canada Manpower services for future vacancies. Greater care in screening out unsuitable applicants might encourage employers to use Canada Manpower more extensively.

Third, it would be desirable to improve the reputation of Canada Manpower as a source of good applicants. One means of doing so would be to encourage those who are now employed, but who are thinking of changing jobs, to use Canada Manpower facilities. We suspect that this group rarely contacts Canada Manpower, but they often answer our advertisements and are often the best applicants we see. It would take some effective public relations work to encourage more employed people to look to Canada Manpower as a means to finding other work.

We recognize that Canada Manpower is a public agency and quite properly has obligations to others as well as to employers. Certainly any Canadian wanting a job should



expect Canada Manpower to help him find one. We also recognize the need to ensure that people are not misusing unemployment benefits. The problem is to meet these demands, but at the same time provide employers with service of a level that will encourage increased use. Thank you very much.

**The Chairman:** Thank you, Mr. MacKenzie. I might say to honourable senators that these four submissions are representative of the group of submissions we have received. You have in your study material an analysis of the responses from all the employers about the service provided by Canada Manpower Centres.

I might say at this time that our witness tomorrow will be Dr. William Dymond, the former ADM of Manpower, an expert on the study of Manpower policies, and presently with the OECD in Paris.

**Senator Barrow:** Mr. Chairman, I think the representations made here today are symptomatic of all the representations we have received. From the replies we have received, and from what we have heard today, there seem to be some areas where there is a consensus that CMC is less effective for the supply of help than other sources, such as through newspaper advertisements and private placement agencies.

In connection with this, do you not think that CMC does not reach a market that you do reach through newspaper advertising and placement agencies?

**The Chairman:** Senator Barrow, would you like to direct your question to one of the witnesses?

**Senator Barrow:** I will direct it to Mr. Dibblee.

**Mr. Dibblee:** Our concern here in placing the ad is that we do not seem to get people from the Manpower office, or there is a reluctance on the part of people to approach Manpower. It has been suggested here that anyone with initiative who is out of work will dust around on his own. He will not wait for Manpower. He will apply on his own for a job. We have had them go right down the street. We know this. They will also answer advertising and will write to prospective employers. The impression I get from a lot of them is that Manpower does not have a sense of urgency. These people are out of work. They want a job now. They register at Manpower or they go into the Manpower office and are told, "Here are some books. Here are the openings. Scan these and if there is anything of interest, come back and see me and I will refer you on."

**Senator Barrow:** Do most of the replies that you get from advertising come from people who already have jobs or from those who are out of jobs?

**Mr. Dibblee:** I would have to say a combination of both.

**Mr. Fust:** The Canada Manpower Centres seem to attract a certain level of employee. For instance, from our experience, if we are looking for a marketing research analyst, or a cost analyst in the accounting department, it is very rare that we are able to obtain qualified people through the Canada Manpower Centres. People at that level seem very reluctant to register with Canada Manpower. There seems to be some stigma attached to the organization. They feel they will perhaps get a better service through a private agency. I think this is a shame.

**Senator Barrow:** I suggested this to one of our witnesses a week ago. He said he did not think that was so. I wonder

if it is so, that people in the professional class feel it is demeaning.

**Mr. Fust:** A lot of people I have spoken to feel it is degrading to go to a Canada Manpower Centre. They still have this tie-in with the old National Employment Service.

**Senator Barrow:** How do you think this problem can be overcome—by closing out the employment agencies and saying, "If you are looking for a job you must apply to Canada Manpower"?

**Mr. Dressler:** How to overcome it, would be what we have said in our letter to the Chairman of this committee. The incompetent appraisal of the job placement request, made by the personnel of the Canada Manpower Centre, is possibly due to lack of their own qualifications. For instance, the reaction of the personnel of the Canada Manpower Centres, when they are approached by someone who is marketing research analyst—which, to us, is a fairly good job—it is nothing special; it is not a professional; it is not a lawyer, not a notary, not a physician. Yet the Canada Manpower Centre employees say "What is that?" The applicant is frustrated and leaves the Manpower office and goes to a private placement bureau. We have had cases, on a lower level. We were requesting, for instance, a pharmaceutical chemist replacement, and the question asked was, "What is that?" They do not know the definition. We wanted a machine set-up man, but we could not get one. That is, a good, experienced mechanic who knows how to set up machines. Even if we do offer a job description, which we do—with standards, which we always do—there is no response, besides the fact that there is no sense of urgency, et cetera. What I am trying to emphasize is the understanding on the part of the employees who are on the payroll of Canada Manpower in relation to the job descriptions.

Based on the printed proceedings of this committee's hearings, which we have peripherally read with great interest, it would appear that many of the counsellors, directors and managers employed by Canada Manpower are university educated, and one would assume that such an individual would know what a machinist is, what a marketing analyst is, and so forth. Yet, our experience does not bear that out.

What we in the industry feel is that the applicant does not talk to the right party at the Manpower office. Perhaps he talks to a junior clerk when seeking a job when possibly he should be talking to a more senior member of the staff who has a better understanding of what different jobs entail.

We humbly suggest that it is imperative that the staff of the Manpower Centres be well trained and knowledgeable in this area so that they understand the needs of industry.

**Mr. Fust:** One of the recommendations I put forth in my brief was that the individual responsible for a particular Manpower Centre should develop a relationship with the employers in his region. I think this would go a long way in creating a better understanding between the Canada Manpower counsellors and industry.

**Mr. Mallory:** My personal opinion is that we are probably expecting too much from Canada Manpower, and Canada Manpower is probably expecting too much of its own people. Even with a job description in front of them, I suspect it is pretty difficult to get people in 450 or more centres across Canada to be qualified interviewers in

terms of selecting the proper candidate to send out on a particular assignment.

To give you a brief illustration, on April 1 last we sent in an order to the Canada Manpower Centre for a finance secretary, and by "finance secretary" we mean a girl who can be in every sense a secretary but who also has some skill in handling financial numbers, preparing the numbers, and setting them up in financial statements. The Canada Manpower office sent us a candidate on Monday, May 12, which was Monday of this week. The candidate had only general typing experience. She was not a secretary. She had no secretarial experience, nor did she have any experience in handling financial numbers or financial statements. Furthermore, she said she had no interest in that type of job.

What is the point of a Canada Manpower Centre counsellor, with a complete job description in front of him, sending us a person such as that? It frustrates the individual involved, as well as our personnel people. I am sure that individual is not going to go back to a Canada Manpower Centre seeking employment.

**Senator Barrow:** Are incidents like that taken up with the supervisor of the Canada Manpower Centre?

**Mr. Mallory:** Yes, immediately.

**Senator Croll:** Is the contact that you have in mind available from the private employment agencies?

**Mr. Mallory:** If I were to comment on that, I would say that the job is a rather specialized one. I am sure an individual with those skills is available. It is a question of time. We are now searching through a private agency to get that kind of girl.

**Senator Croll:** I am talking about contact. Perhaps Mr. Fust can answer my question. I am talking about the contact you said Canada Manpower really did not have. Is that available from the private employment sector?

**The Chairman:** What you are asking is whether or not counsellors in the private employment sector are more capable of making a proper decision as to the requirements of the employer than are the counsellors employed by Canada Manpower?

**Senator Croll:** Of making the contact. That is what we were talking about.

**Mr. Fust:** Most industries today will deal with a handful of private agencies. They will not deal with 12 to 15; rather they will deal with three or four. These private agencies, naturally, are interested in keeping their contacts with the business community, and generally the owner, along with one of the consultants from his firm, will visit our company. They spend up to half a day on each visit talking to people in the organization and observing the positions while they are there. Also, we will usually have lunch and discuss problems which may exist as far as employment is concerned.

I should like to come to the defence of Canada Manpower on one point—

**Senator Cross:** Boy, do they need defence after listening to you five people!

**Mr. Fust:** I have had the experience where we have placed an order for a vacancy with Canada Manpower and they call us after a reasonable amount of time saying that

they have a very good candidate they will send over at 2 o'clock. When the individual arrives for the specified position, we get a very different impression or picture of the applicant. There is a complete reversal. It sometimes amounts to misrepresentation.

As a result, we called the Canada Manpower Centre and lodged a complaint. However, as it turns out, when the individual was before the Canada Manpower counsellor, he or she was well groomed, well behaved, and so forth, but they reverse that role when they come for the actual interview by the employer in order to have the employer refuse them right on the spot so that they can continue receiving unemployment insurance benefits.

I have even had people for whom interviews had been set up by Canada Manpower call me and say, "Mr. Fust, as you know, I have an appointment for a job interview. I don't want to waste your time, so would you please just advise the Canada Manpower Centre that I was not suitable for your position?" This sort of thing happens in Canada today, and we have to face up to it.

**Senator Croll:** Do you comply with that request?

**Mr. Fust:** No.

**Senator Gorsart:** A supplementary, Mr. Chairman. Would the members of the panel care to estimate the number of people referred to them by Canada Manpower Centres who are in the category of seeking a turnaround in order that they can continue receiving unemployment insurance benefits? Would it be 1 per cent, 10 per cent, 20 per cent, or just what percentage of the referrals?

**Mr. McKenzie:** I have not personally been involved in hiring people very much lately, but I have done a lot of it in the past. As a result of talking with our people, I have the feeling that it is a very small percentage. Someone else may say I am wrong.

**Mr. Fust:** In our case, I would estimate that it would be well under 10 per cent.

**Mr. Dibblee:** I would agree that it is a very small percentage. I might add that we also hear afterwards that a number of applicants never arrive at the office, as opposed to actually misrepresenting themselves at an interview. As to those who would misrepresent themselves at the interview, I would say the percentage would be very small.

**Mr. Mallory:** From what our personnel people tell me, I would say about 10 or 15 per cent of the referrals are in that category.

**The Chairman:** So it would be reasonable to assume, in answer to the question, that it is somewhere in the neighbourhood of 10 per cent. I think everyone will agree with that.

**Mr. MacKenzie:** I would not agree with that.

**The Chairman:** Would you say 15 per cent or less—from 0 to 15 per cent?

**Mr. MacKenzie:** Very well.

**Senator Barrow:** To get back to my point about advertising, should the CMC do advertising in order to find people who are looking for jobs, in order to satisfy the market?

**Mr. MacKenzie:** I have had experience in the past where Canada Manpower will undertake to place an advertisement on your behalf and you pay for it, but they will then



screen the applicants. There are occasions where, for one reason or another, it would be a desirable way to have it, perhaps in a case where you do not want to name the company. They will advertise on that basis but I do not know of any other case.

**The Chairman:** I think you are talking generally, senator, rather than in the form of a D and P branch or a commercial branch. You seemed to have something to say, Mr. Dressler?

**Mr. Dressler:** I do not think it is necessary for Canada Manpower or any company agency to advertise, because everyone knows of the existence of these institutions. What we need today is to raise the standard of the employees of Canada Manpower, to make them understand what industry needs, to communicate with the industry, to visit the industry, to take an interest in the industry requirements, to recap each other's understanding of the standards, and to stick to them and then expedite it. I mean that they have to have a sense of urgency. The nation knows that Canada Manpower exists. Therefore it is unnecessary to advertise in the newspapers or other media.

**The Chairman:** Are there any further comments?

**Mr. Fust:** If employers are obtaining the required services, then they are going to use the Canada Manpower Centre.

**Mr. Dressler:** Certainly.

**Mr. Fust:** And if the public is aware that employers are making use of the Canada Manpower Centres at not only the unskilled level but also at the higher levels of employment, they are going to register with these people as well.

**Senator Barrow:** The point I was trying to make is the fact that I have heard today that there is a great turnover in various companies and that people leave for one reason or another but primarily for better working conditions or better wages, or for some such reason. In order for that to be made known, I presume that somebody advertises.

**Mr. Mallory:** Not necessarily, senator. Let me speak again of a rather tight community, Mississauga, heavily industrialized. The workers in Mississauga know the location of many of the large companies and it usually is known which companies are looking for workers. They will simply go on their own to those companies and apply for a job.

**Senator Barrow:** Canada Manpower would never hear of these people?

**Mr. Mallory:** Canada Manpower, under those circumstances, would never hear of them.

**Mr. Fust:** Remember, too, that every time there is a major wage settlement in a place like Mississauga it is in the newspapers within a matter of hours—and people read newspapers.

**Senator Croll:** Does seniority not count at all? A man with five years in any of these jobs will walk over to another for 10 cents an hour, after having five years' seniority in his old firm?

**Mr. Fust:** The labour market is changing today. We do not see the 30-year old men in our organizations.

**Mr. Mallory:** Could I comment on that, Mr. Chairman? Our union contract expired last June. It was a three-year

contract signed in 1971 at 7 per cent per year, which at that time was a reasonably good settlement. All around us, there were contracts being settled for 10, 12, 13, 14, 16 per cent. It would be rather silly for people in our company to sit with a 7 per cent increment, when they could walk down the street or go next door to a company, an industrialized company like ourselves, and get a 15 per cent increase by simply going next door. And that is what was happening.

**Senator Croll:** Would they get the same fringe benefits?

**Mr. Mallory:** Most certainly. They were willing to lose their seniority.

**Senator Carter:** Mr. Mallory mentioned a lot of fringe benefits. Might I try to clear that up? Are the pensions included in fringe benefits?

**Mr. Mallory:** Yes, sir.

**Senator Carter:** Can they carry pensions from one job to another?

**Mr. Mallory:** No.

**Senator Carter:** So they forfeit the pensions?

**Mr. Mallory:** Generally speaking—and I know it is a gross generalization—usually a worker in a labouring category has little concern for a pension. If he can get money in his pocket now that is what is important to him.

**Senator Croll:** I agree on that, but in all the strikes we have had to deal with in Parliament, seniority has been the big thing—"I have had seniority here and I have got a job." I think of the people we have just sent back to work, the people out on the West coast. I agree with you that the private pension so much, seeing what we have got in the state; but seniority—you shock me a little when you tell me that, because I thought that was basic in every employer and every employee in the country.

**Mr. Dressler:** I would suspect it is extremely important in intra-governmental employment, where they carry security with it.

**Senator Grosart:** It was not in the good old days.

**Senator Croll:** It was in Montreal just recently, and that is what they were fighting about.

**Mr. Mallory:** If they can move into a job from a 7 per cent contract to a 16 per cent contract, that is a pretty attractive medium increment and they will take the chance. But certainly they are doing that.

**The Chairman:** I would like Senator Barrow to carry on.

**Senator Barrow:** Can we get on to the training programs? I think Mr. Dibblee had something to say about them. Would some of the others like to comment on them? Are the restrictions too high? Is there too much red tape? Do you have any suggestions in connection with what should be done with these training programs? A lot of companies use them and say they are good, and others do not bother with them.

**Mr. Fust:** May I comment on that? I think you are referring to the Hoffmann-Laroche brief, when you are referring to the red tape in training programs. I mentioned briefly the training program proposed by a group of 30 companies who were experiencing very serious problems



in obtaining what we call set-up mechanics, who work on packaging goods. These companies would be primarily in the pharmaceutical, food, distilling, brewing, cosmetic industries.

When we approached the Manpower office, they appointed a consultant to look at this problem. Then they advised us that a committee would have to be set up, and a study, which would last approximately six months, would be in order, to establish whether or not there was really a need to set up such a training program.

Well, there were 30 companies which were telling them, "We need a source of supply. Why set up an additional study that would cost \$10,000?" So, what happened? With all the delays, all the red tape and uncertainty as to whether or not the Manpower Centre would even back such a training program, we decided amongst ourselves that we would do something on our own. So what happened was that each company has set up an in-house training program, where we hire more or less the apprentice type of individual. We bring them along, as long as they have some basic mechanical skill training. We put them through our own program. We have to push them along like this, because in the past every time we advertised for a set-up mechanic we got a very poor response. What happened was that we ended up having to steal someone from one of our competitors or from one of our associate companies, which forced the price up again.

**Senator Thompson:** Mr. Chairman, I would like some clarification. I noticed, Mr. Fust, that apart from the study that was required, the pre-study, and the \$10,000, you also mentioned that, if you did set up the training programs, one of the requirements was that you only use in training those who had registered with Canada Manpower: but I noticed that when Mr. Mallory was explaining his training program he said that he never got any people from Canada Manpower, so he went along on his own and got people. Was there a similar requirement from Canada Manpower, that you had to use those registered with them?

**Mr. Mallory:** I am not aware of the fact that there was.

**Senator Thompson:** Does this indicate that Manpower sets up its own requirements?

**Mr. Fust:** My understanding is that there is more or less a contract drawn up, and that there are provisions laid down. One of the provisions is that we give priority to employees who are registered with Canada Manpower Centres.

**The Chairman:** I think it goes further than that. I think Canada Manpower has to approve whoever is put on to the training program, and the priority is given to the people they send to the training program. Presumably, if they do not have the people then they allow the company to make its move. I think in Mr. Dibblee's case you forewent or eschewed the grant.

**Mr. Dibblee:** That was one of the conditions. It was an oral condition; It was not in writing. But this was definitely brought out, that if we were going to train people it must be the untrained to whom we were to give the opportunity to become trained, and Manpower would review them. I have no idea whether or not they could supply them, but this was the situation. They were very, very loth to make money available for upgrading existing skills, such as taking a man from a basic skill to a more sophisticated level.

**Senator Barrow:** Somebody mentioned the question of integrating the services of the Unemployment Insurance Commission and the CMCs. Do you have any comments on that?

**Mr. Mallory:** I would like to comment on it. I certainly think there should be co-ordination between the two. Whether they should be merged is a question I am not able to answer. I understand there is a developing rapport and co-ordination between the two groups. I think that that is proving to be worthwhile.

I do not know whether you are familiar with the Hawkesbury experiment that Canada Manpower and UIC jointly conducted?

**Senator Barrow:** I am not.

**Mr. Mallory:** That was this past year. It did not come out in the testimony, but I believe I am correct—and probably others in this room could speak on it more knowledgeably than I. I understand UIC and Manpower jointly conducted an experiment in Hawkesbury, where there was a considerable amount of unemployment and a substantial number of job vacancies existing at the same time. They went down on a co-ordinated basis and took the people who were on the Unemployment Insurance Commission rolls and sent them across the hall, or whatever, to the Canada Manpower people. Between the two of them, working together in the Hawkesbury area as an experiment, I understand they were highly successful in trimming a number of people from the Unemployment Insurance Commission rolls.

**The Chairman:** I think we are aware of a few special interview programs that are now in operation of a similar nature across the country. I beg your pardon, Mr. Mallory. I interrupted you.

**Mr. Mallory:** I believe there was another program conducted in Ottawa in the clerical and catering trades, in which they again jointly worked on an experiment, and again were quite successful in trimming quite a number of people from the unemployment rolls. To that degree I would say, yes, there should be co-ordination. I do not know how far that should go.

**Senator Barrow:** This might reduce the 15 per cent down to perhaps 5 per cent, or less, that we talked about a few minutes ago.

**The Chairman:** Even there it ranged from zero to 15 per cent, with Mr. MacKenzie being on the low side, I think.

**Mr. Dressler:** May I go back to a previous question you asked us, Senator Barrow? The question was to the effect of: what is the reason why employers would not at times hire those people who were trained by the Manpower Centres? I would like to mention that one of the reasons is the quality of the people and or the standard of the people. In this context, if I may, I would like to go back to the proceedings of February 13, page 10, and quote the Honourable Mr. Andras, because I cannot very well reconcile the statement. He said:

I would say this, that a lot of employers themselves add to their problems by making their selection criteria for workers that they want to hire so restrictive that they deny jobs to people who could in fact perform work satisfactorily. Personnel officers, to reduce the number of candidates they must see—which is

work—impose screens of education, age, experience, height, weight, bonding and all sorts of barriers.

In my humble opinion, sir, I think that the honourable minister made a rather general statement—an extremely broad statement—which cannot be applied necessarily to every type and kind of industry in our country, because even if we take government itself, I wonder whether the honourable minister has the same criteria when employees are to be hired for the Department of National Revenue, as for, say, the RCMP or the National Research Council. If there is a B. Sc. who walks in through the gates of the National Research Council, he will probably not get a job immediately; he will have to be screened and, submit his *curriculum vitae*; he will be tested, and have to prove his knowledge, ability, et cetera. Therefore the quality must differ and will always differ from employers to employer. General statements of this kind, I think, do not apply in practical industrial life in Canada.

**The Chairman:** Senator Barrow, I can permit you only one more question, as we are going to have to adjourn at 6 o'clock.

**Senator Barrow:** I will bring up the marketing approach, then. How can we get business and professional people to use CMCs, and should we get them to use them?

**Mr. Mallory:** If I may comment on that, I would like to state emphatically, or repeat, at least, that the quality of the interviewers in Canada Manpower is probably inadequate. Again, that is a generalization, but I believe it to be true.

My recommendation would be drastically to reduce the number of Canada Manpower Centres and put the dollars saved into a program of upgrading the interviewers in Canada Manpower so that there is adequate quality and adequate attention given to the requirements of industry. They are trying to do too great a job, and I think it is just impossible. I do not think they can conceivably do it with the type of interviewers they have, generally speaking, in the four hundred-and-some-odd centres across Canada. I think it is just an impossibility. I suggest they reduce the number of those centres and improve the quality.

**Senator Carter:** Senator Barrow has covered most of the territory that I had laid out, but I would like to clear up one or two things.

A few years ago I was a member of the Senate Committee on Poverty, and Senator Croll was chairman. We had witness after witness before that committee from labour unions, employees' organizations, and the like, and their complaint against Manpower at that time was that Manpower was employer-oriented, whereas they felt it should be employee-oriented. There was considerable evidence produced to support that claim. Evidently it is not that way now, from what you tell us today; it is not employer-oriented any more. Is this a change that has come about recently, or is it the result of reorganization; or, in your opinion, was the evidence wrong, and it never was oriented towards the employer?

**Mr. Dibblee:** I question whether or not they are employer-oriented because of the quality of the people they send out, and also by the fact that they do not describe the job to the employee, and so the prospective employee lands on the employer's doorstep and says, "What is the job?" And sometimes he is quite surprised to find out what the job is.

**Senator Thompson:** Has this taken place within the last three years?

**Mr. Dibblee:** I would say, yes. There seems to be less coaching or less preparation of the candidate for the employer's own job.

**The Chairman:** Is it the view of the panel that Canada Manpower is employee-oriented? Does it view its clients really as being those who are seeking the job, or does it view its clients, as most private agencies seem to do, as the person who has the job to offer?

**Mr. Mallory:** I do not know what they were some years ago, but my personal opinion now is that they are employee-oriented and not employer-oriented. And I have heard it expressed—secondhand, I grant you—that Canada Manpower senior officials follow the philosophy that they cannot and must not use any coercion or force—and those may not be the right words to use—to get a person to take a job; people must be free to choose if they wish to work or if they do not wish to work, or if they wish to take a job or do not wish to take a job. I have seen little evidence that there is any consideration given to the employer.

**Mr. MacKenzie:** I think Canada Manpower is slightly employee-oriented, and I do not think this situation has changed over the years. But I think that is the way it has to be because their job is far different from our job in industry, in that we have to look after the needs of our particular company.

**Mr. Fust:** I would say they are definitely employee-oriented. I would go back to the brief which we presented here, where I pointed out the necessity to improve communications between the management of Canada Manpower Centres and the employers, so that in future they would have a better method of evaluating their success. The reams of statistics we read throughout these hearings where they talk about so many thousands of referrals—does this accurately measure the competence or the success that these people are really experiencing with industry? I think that only industry can answer that question. I do not think you can rely strictly on the statistics that we have read in some of the proceedings. It is very important to be able to place people in open positions, but the quality has to be there and the timing has to be right. All these factors are important in evaluating just how well the Manpower people are doing their job.

**Senator Carter:** How does Manpower operate, in your opinion? The complaint that we used to get in those days was that Manpower people just sat on their fannies and waited for an employer to call up and say, "I want a dozen men," or "I want four or five men," and then Manpower scurried hastily through their files and tried to fill the employer's order. They made no attempt on their own to go to the employer and say, "Look we have a welder here who is looking for a job. Can you place him?" Or, "We have a mechanic here who is looking for a job, can you place him?" And the same thing applied to a clerk. What happens now? Do the Manpower Centres approach you, or do they just wait until you approach them?

**Mr. Fust:** Ironically enough, I had a telephone call this morning from a counsellor at our regional office. We had not heard from him in over a year. He suggested that it might be a good idea to get together, so I suggested an appointment for next week. I feel very strongly about this. I think one of the roles that the Canada Manpower Centre could play is one in which they could take the initiative



and they could approach the employers and find out what types of openings exist. As I said to this gentleman on the telephone this morning, "Right at this very moment you don't know how many open jobs our company has on our books." And he said, "No, I don't." I think this is wrong, and I think if we could encourage them it would be good. I think it all comes back to communication, and there has to be a closer tie between the staff of the Canada Manpower Centre and the employers. They have to have a better understanding of the industries that are represented in their communities, and they have to try to secure qualified people to work in the various departments of those industries. They should also be in a position to know what types of jobs are vacant at any given time.

**Mr. Dibblee:** In all fairness, I must say that it depends on the office. We received a telegram about two weeks ago from the Stephenville, Newfoundland, office to say that there were some graduates coming from their trade school and would we care to send some of our people down there to interview them. They were looking for jobs for these people. This was on their own initiative.

**Senator Thompson:** But you had gone down there before?

**Mr. Dibblee:** We had previously taken two separate graduating groups. This does not happen all that often, but it did happen on this particular occasion.

**Senator Grosart:** Mr. Chairman, I think it is important that we try to get a description of the components of the people who are referred to industrialists such as we have here today. May I ask the panel this question: What percentage of the referrals do you hire? I just want an estimate; I don't expect you to give me any long answers.

**The Chairman:** We had an earlier chart from Rubbermaid that showed us that.

**Senator Grosart:** I would like to get it from each member of the panel. What percentage do you hire?

**Mr. Mallory:** Well, I would have to refer back to the chart that was on the board. In an eight-month period for unskilled labour we had 65 referrals, and of that number we hired four. Most of the people who were sent did not in any way meet the requirements.

**Senator Grosart:** I will come to that aspect later. At the moment I just want the figure, the percentage.

**Mr. Mallory:** Well, we hired four out of the 65, which is about 6 or 7 per cent.

**Senator Grosart:** The others were rejected?

**Mr. Mallory:** The others were rejects or no-shows or what-have-you. In the skilled classification we hired one out of five in an eight-month period. In clerical vacancies we hired one out of 30 in eight months.

**The Chairman:** That is about 3 per cent.

**Mr. Mallory:** Yes.

**Senator Grosart:** Could I hear about their experience from the other members?

**The Chairman:** Those are the norms for Rubbermaid. Mr. Fust, do you find that those would be about right for you?

**Mr. Fust:** I would say less than 2 per cent.

**Senator Grosart:** These are people who have been sent to you from Manpower in response to requests from you with job classifications and so on?

**Mr. Fust:** Yes.

**Senator Grosart:** Less than 2 per cent you can hire?

**The Chairman:** I should say, Senator Grosart, that Mr. Mallory and Mr. Fust both explained that they did send very comprehensive job requirement forms to Manpower.

**Senator Grosart:** I do not care about that. I just want to get a look at these—

**The Chairman:** I do not think it is a case of whether you care, but I am stating as a fact that they send these resumés. However, Mr. Fust no longer registers people with Manpower.

**Mr. Fust:** In the past year we have very rarely registered with Canada Manpower. My experience goes back really to 1972, 1974.

**Mr. D. Toupin Director General, Manpower Client Services, Department of Manpower and Immigration:** Mr. Chairman, I would be willing to give figures regarding the placement and vacancies for each of these companies, provided these gentlemen would give us authority to do so. This is privileged information, but I will give these figures, or may present them later, if you wish, provided we have agreement from the four gentlemen at the table.

**Mr. MacKenzie:** Hudson's Bay Company has no objection.

**Mr. Mallory:** I am not sure that I understand, sir, what you are suggesting you can offer. Is it the figures for each company here?

**Mr. Toupin:** Yes.

**Mr. Mallory:** How do you get those figures?

**Mr. Toupin:** From our records of transactions. Every time you place an order in a CMC, or a referral is made or a placement is made, it is recorded. There could be some minor differences, of course. I suppose we could make some minor mistakes, but generally we would get a very good general ballpark figure of what has happened for each company, even though we would not be in a position to break it down by way of skilled and unskilled, as you did earlier.

**Mr. Dibblee:** To answer Senator Grosart, we have not had too much success; I would say one in 10.

**The Chairman:** Would you like to hear from Mr. Toupin on behalf of the department as to these figures?

**Senator Grosart:** That is up to you, Mr. Chairman.

**The Chairman:** That could be submitted at a later time.

**Mr. Toupin:** I could give them now, if you wish, or perhaps later.

**Senator Grosart:** Included in the large percentage that you do not hire, a rough figure is somewhere from 5 to 10 per cent not really seeking work, but protecting their unemployment insurance position. There is reference made in one of the briefs to the fact that in the opinion of the personnel officers some of the applicants were unemployable. What percentage of those who are rejected are reject-



ed because they are unemployable? That is the statement in here, that many of them are unemployable.

**Mr. Mallory:** I would say the same figures would apply; they are rejected, so they are unemployable.

**Senator Grosart:** No, there is a difference between those who do not want the job and those who are unemployable and cannot be employed at anything.

**Mr. Mallory:** I believe you are saying there are two classes, those it is suspected do not desire a job in the first place and so express themselves, and those who are not employed at the option of the employer.

**Senator Grosart:** Yes, the hard core of people who, in your opinion, are unemployable.

**Mr. Mallory:** I would not know how to answer that, sir.

**Senator Grosart:** What percentage of those rejected are rejected because there is no match between their job ability and your job requirements?

**The Chairman:** I have difficulty in distinguishing those.

**Senator Grosart:** There are references all through here to the effect that Manpower appears to send people whose qualifications do not begin to match the requirements the employer has requested.

**The Chairman:** But that is what these gentlemen have been saying right along, that it comes out to roughly one in ten rejections.

**Senator Grosart:** They may have a reason for rejecting them.

**The Chairman:** They are rejected because they do not meet their qualifications, for one reason or another.

**Senator Grosart:** But, as I said, job ability, not because you do not like the look of them, or the way they speak, but their ability to do the job and the employer's estimate of the ability of that person to do the kind of job you want, this is the essence of the whole problem.

**Mr. Mallory:** It is a very difficult question to answer, Senator Grosart, because some applicants show up who do not intend to take a job and will feign incapacity. Others show up for part-time work, which is not suitable. Others show up where it is a total mismatching of the job to the requirements, and I do not know how to break that down.

**Senator Grosart:** Do many applicants refuse jobs because they complain about the working conditions, the hours, or other factors?

**Mr. Mallory:** We find in our company—and this is part of the requirement we give to Canada Manpower—that we get a number of applicants who do not wish to work shift work, even though we have informed Manpower that we are looking for shift labour, either second shift or third shift. We get a number who tell us to forget them because they will not work shift work.

**Senator Grosart:** And this would be a result of inadequate screening at the Manpower level?

**Mr. Mallory:** I would say so.

**Senator Grosart:** The suggestion has been made I think in the Rubbermaid brief, that there should be mandatory

Manpower registration of all unemployable before they receive unemployment insurance benefits.

**Mr. Mallory:** Senator Grosart, between the time that that letter was written, in January, and today I have become aware that that is in effect. At least, I am quite sure that it is in effect, that there is now mandatory registration.

**Senator Grosart:** Before they can obtain unemployment insurance benefits?

**Mr. Mallory:** Yes, before they can obtain unemployment insurance benefits.

**Senator Grosart:** This would affect the 5 to 15 per cent who are just looking around in order to say that they did seek employment?

**Mr. Mallory:** Incidentally, senator, we have a substantial number of people, our personnel department informs me, who come into our personnel department with a form and, without asking about the job at all, whether or not they were referred by Canada Manpower, ask for the slip to be signed showing that they showed up for a job and did not get it.

**Senator Grosart:** They would be included in the 5 to 15 per cent category?

**Mr. Mallory:** Yes.

**Senator Grosart:** Is it normal to use private agencies to hire unskilled workers, labourers and so on?

**Mr. MacKenzie:** We would not.

**Senator Grosart:** What would be your average cost of obtaining a suitable person through a private agency?

**Mr. Mallory:** I can give you a total cost: Last year it cost us \$16,000 for newspaper advertisements for hiring.

**Senator Grosart:** No; I am speaking of hiring through private agencies.

**Mr. Mallory:** I am sorry.

**Mr. Fust:** Usually it is 10 per cent of the annual salary.

**Mr. Dibblee:** In our case 25 cost us \$22,000 placement fees to private placement agencies.

**Senator Grosart:** That is roughly \$1,000 apiece.

**Mr. Dibblee:** Slightly under.

**Senator Grosart:** It is normally 10 per cent of the yearly salary.

**Mr. Dibblee:** There is a sliding scale for it.

**Mr. Mallory:** It can be between 10 and 20 per cent of the salary.

**Mr. Dressler:** In the case of hiring a professional, such as a lawyer, physician or Ph.D., the cost is much higher. The agency then requires up to three months' salary.

**Senator Grosart:** I have used agencies for that purpose myself. We should get something to indicate the total payment for job placement to private agencies as compared to the very large sum that Manpower is expending for the same purpose. It would be interesting to see what the comparative figures would be. In other words, I am coming to the suggestion made in the Rubbermaid brief, that there

should be a cost-benefit study made to consider whether the placement activities of the Manpower programs should not be abolished. Does anybody support that? Is it worth the cost? What is the cost?

**Mr. Mallory:** The Manpower cost?

**Senator Grosart:** Yes.

**Mr. Mallory:** They are \$700 million.

**Senator Grosart:** And it is going to go up; it will be \$1 billion next year, or close to it.

**Senator Thompson:** Mr. Mallory has said the Manpower offices should be cut down. What areas would you cut out?

**Mr. Mallory:** I just happen to feel that Canada Manpower is attempting to do too many things with their available resources. I do not question any one of their programs; they might all be valid and viable programs. I am here talking about the LEAP program, the Opportunities for Youth, the LIP program, the Outreach program and so on. I do not know how important they are. All I do know is that Manpower should address itself to the fundamental core problem, which is to cut people off the unemployment insurance roles and get them back working again.

**Senator Thompson:** I want to follow up Senator Grosart's question. Would you cut out any aspect of the placement services because you do not think the government should be in that area, such as professional and executive?

**Mr. Mallory:** I think it would be a gross error if Canada Manpower attempted to move, as I have read from some of these hearings, into the arena of the private placement companies. I think they would fail miserably. I think it should be left to the private sector to do that.

**Senator Thompson:** The private placement companies are in professional and clerical placement; that is their area.

**Mr. Mallory:** Yes.

**Senator Thompson:** Manpower is in that area, it is not?

**Mr. Mallory:** Well, they claim to be. If I understand your question, my earlier suggestion was that it might be better to reduce the number of Manpower agencies that there are and improve the quality within the remaining agencies so that they can in fact perform a quality job, which they are not doing now.

**The Chairman:** Honourable senators, we have four more minutes. Senator Graham has been patiently waiting for some two hours, so I think we should recognize him now.

**Senator Graham:** I can pass, Mr. Chairman, but I would like to ask one question, and maybe make the observation that I am delighted that there seems to be unanimity in one thing that everyone in their brief has said, that the Manpower people are very courteous. I was interested in the discussion on the employer-employee orientation of the Manpower offices. Perhaps I could ask you, Mr. Mallory, what you consider to be the prime objective, or the prime responsibility, of the Manpower office?

**Mr. Mallory:** I think the prime responsibility of the Manpower office is, in a highly qualified way, to match job requirements to job seekers and reduce the fantastic expenditure, which this country cannot afford and is presently paying, in unemployment insurance benefits, many of

which obviously are not legitimate. If they would stop all of the frills and the fringes they are working on and direct their attention to the real core problem of reducing the unemployment rolls, I think there would then be a good chance they could be successful.

**Senator Graham:** Does anybody else want to comment on that, or do you agree with Mr. Mallory? If so, I will ask one more question of Mr. Dibblee. You have what appears to be the highest turnover of any of the companies represented here today. Have you made any estimate over a period of time of the cost to your company of this turnover?

**Mr. Dibblee:** No, we have not. We have accepted it as inevitable.

**Mr. Mallory:** It is almost impossible to measure it.

**Senator Carter:** I should like to ask a supplementary question, which I intended to ask earlier. When you talk about turnover, does that include layoffs due to slow downs?

**Mr. Dibblee:** Yes.

**Senator Carter:** So they are not all people just leaving on their own?

**Mr. Dibblee:** No.

**Senator Carter:** It includes slack periods when the work is not there?

**Mr. Dibblee:** It includes layoffs and terminations instigated by the employer himself, their failure to perform.

**Mr. Mallory:** In our case, we have had no layoffs in our plant for the last six years, other than a week's layoff a week ago in our company, and they are back at work again. In our case it does not represent layoffs.

**Senator Graham:** Can I ask just one final question? Do you, as a general rule, confine your advertising and your use of private placement agencies to the local geographic area in which the job happens to be available?

**Mr. Mallory:** I feel I am answering a lot of questions, but perhaps I could just reply to that. We have had an order with Canada Manpower now for eight months for an electrician. We have not had success in hiring an electrician through Canada Manpower. This was not exactly advertising, but we heard by word of mouth that there was an electrician in Ireland who was a very good and capable electrician. We phoned him long distance in Dublin, and through a subsequent series of long distance telephone calls and correspondence we persuaded this gentleman to move his entire family to Canada, at our expense. We are paying the cost of moving his family, and he will be arriving here next month to take up a job as an electrician in our plant.

**Mr. Dressler:** As far as we are concerned, we co-operate with agencies in eastern Canada entirely; shall we say Ontario, Quebec and the east, although we are a Montreal-based company. When we want somebody we look everywhere.

**Senator Grosart:** May I just comment that I think Mr. Mallory's decision was a very wise one, in view of the fact that the only two members of Parliament born in Ireland are sitting on this committee!

**Senator Graham:** May we ask if they are from the north or from the south?

**Senator Thompson:** Would an electrician not go through his union rather than through Manpower?

**Mr. Mallory:** He would not have to go through his union; he could simply come to us and we would hire immediately.

**Mr. Dibblee:** That would be the procedure in the construction industry.

**The Chairman:** Honourable senators, I think the witnesses are well aware that you have hundreds more questions for them, but time does not permit us to ask them. We wish the meeting were longer; unfortunately, it is not. We do thank you very much, gentlemen, for your very worthwhile submissions, your evidence before the committee and the fact that you took so much time in helping us in what we feel is a very important and worthwhile study.

The committee adjourned.

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THE SENATE OF CANADA

PROCEEDINGS OF THE  
STANDING SENATE COMMITTEE ON

NATIONAL FINANCE

The Honourable DOUGLAS D. EVERETT, *Chairman*

The Honourable HERBERT O. SPARROW, *Deputy Chairman*

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Issue No. 19-A

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THURSDAY, MAY 8, 1975

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Main Estimates laid before Parliament for the fiscal  
year ending March 31, 1976

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REPORT OF THE COMMITTEE

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(Witnesses: See Minutes of Proceedings)



STANDING SENATE COMMITTEE ON NATIONAL  
FINANCE

The Honourable D. D. Everett, *Chairman*;

The Honourable Herbert O. Sparrow, *Deputy Chairman*.

The Honourable Senators:

Barrow, A. I.	Hicks, Henry D.
Benidickson, W. M.	Langlois, L.
Carter, C. W.	Manning, Ernest
Côté, J. P.	Neiman, Joan
Croll, David A.	O'Leary, M. Grattan
Desruisseaux, P.	*Perrault, R. J.
Everett, D. D.	Prowse, J. Harper
*Flynn, Jacques	Rochichaud, L. J.
Giguère, Louis de G.	Sparrow, H. O.
Graham, B. Alasdair	Welch, F. C.
Grosart, Allister	Yuzyk, P.—(20)

\**Ex officio* member

(Quorum 5)

# Order of Reference

Extract from the Minutes of the Proceedings of the Senate of Thursday, February 20th, 1975:

With leave of the Senate,

The Honourable Senator Langlois moved, seconded by the Honourable Senator Perrault, P.C.:

That the Standing Senate Committee on National Finance be authorized to examine and report upon the expenditures proposed by the Estimates laid before Parliament for the fiscal year ending the 31st March, 1976, in advance of bills based upon the said Estimates reaching the Senate.

After debate, and

The question being put on the motion, it was—  
Resolved in the affirmative.

Robert Fortier,  
*Clerk of the Senate.*

# Minutes of Proceedings

Thursday, May 8th, 1975

(1) . . . . (19)—“A”

Pursuant to adjournment and notice the Standing Senate Committee on National Finance met this day at 9:30 a.m.

*Present:* The Honourable Senators Everett, (*Chairman*), Barrow, Carter, Croll, Flynn, Graham, Grosart, Hicks, Langlois, Manning, Neiman and Yuzyk (12).

The Committee proceeded to the examination of the Main Estimates laid before Parliament for the fiscal year ending March 31, 1976.

*The following witnesses were heard:*

The Honourable J. Chrétien  
President of Treasury Board

Mr. Bruce A. MacDonald  
Deputy Secretary, Treasury Board

*In attendance:*

Mr. J. H. M. Cocks, Director of Administration.

It was agreed that the Main Estimates aforesaid mentioned be reported as per the Order of Reference.

At 12:15 p.m. the Committee adjourned until 3:30 p.m., May 14th, 1975.

ATTEST:

Georges A. Coderre,  
*Clerk of the Committee.*



# Report of the Committee

Thursday, May 22, 1975.

The Standing Senate Committee on National Finance, to which the Estimates laid before Parliament for the fiscal year ending March 31, 1976 were referred, has in obedience to the order of reference of Thursday, the 20th of February 1975, examined the said Estimates and reports as follows:

1. Your Committee was authorized by the Senate, as recorded in the Minutes of the Proceedings of the Senate of the 20th of February 1975, "to examine and report upon the expenditures proposed by the Estimates laid before Parliament for the fiscal year ending the 31st March, 1976, in advance of bills based upon the said Estimates reaching the Senate."

2. In obedience to the foregoing, your Committee made a general examination of the Estimates and heard evidence from the Honourable J. Chrétien, President of the Treasury Board, and Mr. B. A. MacDonald, Deputy Secretary, Program Branch, Treasury Board.

3. The Main Estimates for 1975-76 amount to \$29,585 million. Of this amount \$13,907 million are statutory in nature, \$14,335 million represent funds for which Parliament is asked to provide new authority and \$1,343 million are non-budgetary items being loans, investments and advances. In the 1974-75 fiscal year the Main Estimates amounted to \$23,297 million and by four Supplementary Estimates they were increased to \$28,233 million, of which \$12,934 million were statutory in nature, \$13,595 million representing funds for which Parliament is asked to provide new authority and \$1,704 million in non-budgetary items.

4. The difference between the Main Budgetary Estimates of 1975-76 (\$28,242 million) and the Main Budgetary Estimates of 1974-75 (\$22,023 million) is \$6,219 million, an increase of 28.2 per cent. It is likely that this percentage increase will also pertain to the difference between the final budgetary authorization for 1975-76 and for 1974-75, observing the increase in budgetary expenditures between March 31, 1973 and March 31, 1974 was 23.7 per cent and between March 31, 1974 and March 31, 1975 was 29 per cent. It is noted that between March 31, 1973 and March 31, 1974 (the latest complete fiscal year for which a figure is available) the GNP increased by 15.6 per cent.

In the same vein, during the last ten years the budgetary estimates have increased from a total \$7,979 million in 1965-66 to \$28,241 million in 1975-76 which will eventually be larger due to Supplementary Estimates. It is a ten year increase of 253 per cent.

The growth of budgetary expenditures by function between 1966-67 and 1974-75 is as follows:

	(\$ millions)		
	66-67	74-75 (fore- cast)	Increase
Health and welfare	1,994	7,023	5,029
Economic develop- ment and support	1,205	4,342	3,137
Public debt	1,191	3,175	1,984
Defence	1,651	2,512	861
Fiscal transfer pay- ments to provinces	515	2,631	2,116
Transportation and communications	941	1,934	993
General government services	372	1,214	842
Internal overhead expenses	391	887	496
Foreign affairs	230	512	282
Culture and recrea- tion	218	580	362
Education assistance	90	643	553

You will note that by far the largest increase in expenditure is in Health and Welfare, whose percentage of the estimates for 1975-76 will be 27.8 per cent.

Expenditures by the various levels of government, exclusive of transfer payments, have grown between 1964 and 1973 as shown in the following table which is for calendar years and also includes the percentage of the GNP.

	(\$ millions)		
	1964	1973	Increase
All governments	14,905	44,755	29,850
	29.6%	37.6%	
Federal government	6,758	17,595	10,837
	13.4	14.8	
Provincial govern- ments	3,245	12,993	9,748
	6.5	10.9	
Local governments	3,848	10,500	6,652
	7.7	8.8	
Hospitals	1,054	3,261	2,207
	2.1	2.7	
Pensions	—	406	406
		.3	

Your Committee also notes that the number of continuing employees on the 30th of September 1973 was 272,089 and the number of planned continuing employees for 31st of March 1976 will be 321,668. This is a jump of 49,579 or 18 per cent in two and one-half years.

5. In comparing the Main Estimates of 1975-76 with the final authorization of 1974-75 some of the major increases are as follows:

(\$ in millions)

#### Increases in Statutory Items

Fiscal Transfer Payments Program	\$463
Public Debt Program	455
Hospital Insurance Contributions	261
Family Allowance Payments	171
Medical Care Contributions	100
Canada Assistance Plan Payments	69

#### Increases in Voted Items

Defence Services	\$345
Post Office	190
Canadian International Development Agency	152
Payment of subsidies on Imported Oil	136
Central Mortgage and Housing Corporation	100

Accommodation Program	97
Royal Canadian Mounted Police	74
Northern Affairs	65
Correctional Services Program	59
Development and Utilization of Manpower Program	57
Indian and Eskimo Affairs Program	56
Canadian Broadcasting Corporation	54
Air Transportation Program	52

#### Increases in Non-Budgetary Items

Supply and Services	185
Canadian National Railways	147
Atomic Energy of Canada Ltd.	72

Your Committee views with concern the continuing authority established by an Appropriation Act of 1965 which gives the Canadian International Development Agency non-lapsing authority to carry over funds from year to year. Your Committee reiterates an opinion that it has expressed a number of times in the past that an authority of this nature should emanate from an Act of Parliament and not from an Appropriation Act.

Respectfully submitted.

D. D. Everett,  
Chairman.

# The Standing Senate Committee on National Finance

## Evidence

Ottawa, Thursday, May 8, 1975

The Standing Senate Committee on National Finance, to which were referred the Main Estimates laid before Parliament for the fiscal year ending March 31, 1976, met this day at 9.30 a.m.

**Senator Douglas D. Everett** (*Chairman*) in the Chair.

**The Chairman:** Honourable senators, we can now proceed with our examination of the estimates for the fiscal year ending March 31, 1976. We are honoured to have with us the Honourable Jean Chrétien, President of the Treasury Board. On his right is Mr. Bruce MacDonald, the Deputy Secretary, Program Branch, Treasury Board Secretariat.

Mr. Chrétien has an opening statement but before he makes it, I may point out that he is, of course, in the hands of the committee to answer questions. At a certain stage we will be going through the estimates item by item, or department by department, and if at some point it is possible to excuse Mr. Chrétien and proceed with Mr. MacDonald, I am sure Mr. Chrétien will appreciate it. However, we will see what progress we make. We will start with a general examination, and then when we consider the individual departments, we can make a decision as to our procedure.

Will you proceed, Mr. Chrétien?

**Hon. Jean Chrétien, Président of the Treasury Board:** Mr. Chairman and honourable senators, the 1975-76 main estimates contain \$28.2 billion in budgetary items and \$1.3 billion in loans. The loans are at about the same level as they were last year but the budgetary total is \$6.2 billion greater.

The growth is largely related directly or indirectly to the inflation that has affected the world. The growth reflects the steps the government has taken to counter some of the effects of inflation on Canadians.

The items which contribute most significantly to the increase are as follows:

payment of subsidies on imported oil	\$1,300 million
increases in fiscal transfer payments	\$ 786 million
public debt charges	\$ 650 million
higher shared-costs payments to the provinces for health, welfare and post-secondary education	\$ 628 million
increase in the budget of National Defence	\$ 437 million
higher cost for the Post Office	\$ 203 million
higher Family Allowances	\$ 171 million
increase in foreign aid grants	\$ 149 million

The Standing Senate Committee on National Finance

May 8th, 1975

[*Translation*]

The Honourable J. Chrétien

These figures that I have taken from a table of the recent edition of a publication entitled "How Your Tax Dollar Is Spent" represent 70 per cent of the total increase.

The budget also reflects the increase of the operating costs of all departments—Agriculture, Transportation and all others—the operating cost of which was increased either because of additional services, or because of the effects of inflation, both these factors sometimes working together.

[*English*]

**Senator Croll:** I am sorry, Mr. Minister, but there is no one translating, and I do not want to miss your words of wisdom.

**Hon. Mr. Chrétien:** I have finished my French part, anyway.

Honourable senators—I am doing a translation now!—may recall that in his budget of last November the Minister of Finance indicated his intention, and the intention of the government, to moderate its expenditures as much as possible. When these estimates were tabled in February, I spoke of the government's determination about this objective, while warning that unusual circumstances would make it difficult to attain. Accordingly, the Treasury Board is continuing to encourage departments to meet unforeseen requirements through the reallocation of existing resources wherever possible so as to minimize the need for supplementary estimates during 1975-76.

I will now try to answer any questions that members of the committee may have. However, if members should wish to get into details about particular programs, I would have to suggest that they seek the information from the responsible minister. Thank you very much, Mr. Chairman.

**The Chairman:** The translation system is working now, honourable senators.

As honourable senators are aware, in the course of reviewing these estimates for the fiscal year ending March 31, 1976, we are making a detailed examination of the Department of Manpower, during the course of which we will have had 26 separate meetings, hearing witnesses from Manpower itself and from outside of Manpower. The purpose of this meeting of the committee is to take a general overview of the estimates themselves. As I said earlier, I think we should have a general discussion about the estimates, and perhaps the committee would be willing to excuse the minister, when we get to the individual depart-



ments, and continue with Mr. MacDonald. If that is agreeable, then we are open for general questions.

**Senator Grosart:** Mr. Chairman, how does this total figure of \$29.5 billion—that is, taking the budgetary items and the loans, investments and advances—compare with the final figures for last year, after the last supplementaries?

**Hon. Mr. Chrétien:** I think there was about \$4.9 billion in supplementaries last year, so the difference between the total expenditures of last year with this presentation is about \$36 million more. We are forecasting that this year too there will be some supplementaries, but they are not in the blue book, so what we are hoping is that the total expenditures at the end of this fiscal year will show a growth of, I hope, no more than 16 per cent. This is compared with the last two fiscal years, when the growth in expenditures was around 25 per cent yearly. As I say, I am trying to reduce the growth to 16 per cent, but that, I have to say, is if the Minister of Finance does not change the fiscal framework in the budget he is to produce—I am not sure of the date, but he is talking about presenting budget later in the month—but if there is no change, I hope to keep the expenditures to that level. If he decides to spend half a billion or a billion dollars more, or a billion less for that matter, I do not know exactly what the situation will be, but I will have to adjust my figure accordingly. However, as of now I am determined to reduce the growth to about 16 per cent from year to year. What is misleading in the presentation this morning, for example, is the fact that in the estimates of last year the oil payments were not mentioned, and this year they are mentioned, so that was \$1.3 billion spent last year but that was not in the blue book for 1974-75.

**Senator Grosart:** We seem to be getting an increasing number of items, such as the oil subsidies, which are not normal in-and-out items such as we were accustomed to in the old days. Has the department made a survey to indicate what large items in the budget are of that character? When I speak of "that character," I mean, for example, oil subsidies where an extra tax is put on, an export tax, and it is really a bookkeeping entry.

**Hon. Mr. Chrétien:** This is more or less a bookkeeping entry because we are charging the United States more taxes and we redistribute that money for eastern Ontario, Quebec and the Maritimes. But it is an unusual situation, and I do not think there are many examples like that. It is a single case where you get the revenue that you transfer directly. Of course, the nature of our operation is, in fact, that a lot of our money is going to other institutions like provincial governments because we transfer a lot of our revenue to the provinces in terms of equalization payments or in terms of direct contributions for health care, social care and so on.

**Senator Grosart:** At one time we used to treat these as separate items, such as the old age security payments. Are we doing that kind of bookkeeping now?

**Hon. Mr. Chrétien:** We still have social security in separate funds, but we want to get away from that. We hope to have legislation that will put that fund into general revenue because, in fact, we are talking here about \$28 billion.

**Mr. B. A. MacDonald, Deputy Secretary, Program Branch, Treasury Board Secretariat:** Mr. Chairman, for

the old age security fund, you would have to add approximately another \$4 billion.

**Senator Croll:** That is old age security plus supplement?

**Mr. MacDonald:** Yes.

**Hon. Mr. Chrétien:** there is \$28 billion in the blue book, and then we have the special fund of \$4 billion for the old age security fund; and on top of that, of course, will come the supplementary estimates during the year.

**Senator Croll:** Something was said by the Prime Minister with respect to a change in October to include some of those who are 60. Has provision been made for that?

**Hon. Mr. Chrétien:** Yes, this is predicted in the forecast for this year—if the law is passed. We have made provision in the forecast for the old age security fund for that aspect in cases where a spouse will be 60. Of course, this applies where there is not enough revenue; it is not universal. It is for those who need it.

**Senator Croll:** I know, there is a means test.

**Hon. Mr. Chrétien:** But the legislation has not been passed yet

**Senator Langlois:** What is the anticipated revenue to be derived from this tax on the export of oil to the United States?

**Hon. Mr. Chrétien:** Well, there is a variation because we are exporting less oil at this time than was originally predicted, and this week the Minister of Energy, Mines and Resources announced a reduction of 80 cents, so there will be a shortfall in the anticipated revenue. However, I am not the one who deals with the revenue side, but only with the expenditure side, and that makes no difference to expenditures. But it will mean less revenue for the oil compensation funds coming from the United States export tax.

**Senator Grosart:** What percentage of the \$4 billion is net expenditure?

**Mr. MacDonald:** You mean the difference between what is collected and what is paid out?

**Senator Grosart:** That is right.

**Mr. MacDonald:** Last year the deficiency was estimated to have been, I think, around \$400 million on \$3.4 billion. I do not know the exact amount, but it will be higher than that in 1975-76.

**The Chairman:** The subsidy?

**Mr. MacDonald:** The final supplementary estimates provided \$700 million, but it was found to be an over-provision when the final calculations as to the payment were completed.

**The Chairman:** \$300 million?

**Mr. MacDonald:** Yes.

**Senator Grosart:** There is a provision in these estimates for that main expenditure?

**Mr. MacDonald:** No, Mr. Chairman; however, there was provision in the final supplementary estimates for 1974-75 to make up the deficiency. There is no provision in these estimates to make up any deficiency in the Old Age Security Fund.

**Senator Grosart:** Is there a reason for that? The blue book anticipates other similar net expenditures.

**Mr. MacDonald:** The fact is that it is not a statutory expenditure and the Old Age Security Act requires that the deficiency be dealt with at the end of the year. There is some expectation that in the course of the year that account will become a part of general revenues.

**Senator Hicks:** May I ask a supplementary question: Am I right in understanding, then, that the revenues collected by income tax deductions in relation to old age security last year paid for the whole of that?

**Hon. Mr. Chrétien:** No.

**Senator Hicks:** Well, how do you explain the \$400 million deficit?

**Hon. Mr. Chrétien:** It was a shortfall of \$400 million last year. We collected some money, but it was not sufficient to pay for the expenditure.

**Senator Hicks:** So we collected all except the \$400 million?

**Hon. Mr. Chrétien:** Yes, the expenditures were greater than the income.

**Senator Hicks:** I understand; I am amazed that it was not more than that.

**Senator Grosart:** Mr. Chairman, I wonder if we could reverse our line of questioning to the extent of asking the minister to explain some of the decreases in departmental expenditures.

**Mr. MacDonald:** It is presented, senator, in two tables: there is a table 2, in which there are changes—increases and decreases. These tables are at pages 1-18 and 1-19.

**Hon. Mr. Chrétien:** I am surprised that you complain because of a decrease.

**Senator Grosart:** I am not complaining, Mr. Minister; I am just endeavouring to reverse our approach.

**Hon. Mr. Chrétien:** I am trying to make a joke, but it is too early in the morning.

**Senator Grosart:** No, that is not the one I have in mind. There is one in which the increases and decreases are broken down.

**The Chairman:** That is at page 1-19 in the second column from the right, "Change—Increase, Decrease."

**Senator Grosart:** The decrease, for example, in Agriculture is \$71 million; for Energy, Mines and Resources it is \$455 million.

**Hon. Mr. Chrétien:** Yes, it is a transfer from one vote to another vote; that is the allocation.

**Mr. MacDonald:** For the first part of last year the oil compensation payments were carried in the estimates of Energy, Mines and Resources proper. In the latter part of the year and all through this year they are in the estimates of an organization known as the Energy Supplies Allocation Board.

**Hon. Mr. Chrétien:** It is shown four lines below.

**Mr. MacDonald:** So, really the comparison is an accounting comparison.

**Senator Grosart:** It is a bad one, to start with, because it has increased \$150 million.

**Mr. MacDonald:** No, senator; as a matter of fact, it has not. You would have to take the \$445 million shown and add it to the \$605 million shown against the Energy Supplies Allocation Board. So there is a comparison of approximately \$1,300 million to \$1,165 million.

**Senator Grosart:** Agriculture shows a \$71 million decrease.

**Mr. MacDonald:** I would have to look at the details of the estimates, senator. It is spread throughout the department in the research program. That is, capital expenditures, the higher expenditures under the Agriculture Stabilization Account, and other general expenditures.

**Senator Grosart:** If we take another fairly large one, Unemployment Insurance Commission appears to show a decrease, although it is hard to follow these figures across the double page. It shows a decrease of \$32 million.

**Mr. MacDonald:** You will appreciate, senator, that the amount shown in the main estimates is the government's contribution relative to the prior calendar year. So that the amount shown in 1975-76 main estimates would be a payment for the year 1974 and the amount in 1974-75 would be a payment for the year 1973. That is simply the difference between the costs of the government in those two years.

**Senator Grosart:** That has reduced very significantly over the years.

**Hon. Mr. Chrétien:** Last year.

**Mr. MacDonald:** But you will appreciate that next year it is likely to be much higher with respect to the current calendar year.

**Senator Grosart:** We would not have an estimate of that.

**Mr. MacDonald:** I do not have it, anyway.

**Senator Grosart:** Not at this point, anyway. I am going down the page to the \$31.4 million for the Chief Electoral Officer.

**Hon. Mr. Chrétien:** I hope that we will not have to use him this year.

**Senator Grosart:** You never can tell.

**Hon. Mr. Chrétien:** Oh, we feel pretty secure.

**Senator Grosart:** Cape Breton Development Corporation shows a decrease of \$20 million.

**Mr. MacDonald:** You will appreciate, senator, that we are referring here to a comparison of estimates to expenditures.

**Senator Grosart:** That is right.

**Mr. MacDonald:** So that there were supplementary estimates for the Cape Breton Development Corporation in 1974-75 which are not at this stage, at least, carried in the estimates for 1975-76.

**Senator Grosart:** That is this year's estimates against last year's actual expenditures?

**Mr. MacDonald:** That is correct, sir.



**Senator Grosart:** Finally, Urban Affairs, \$155 million, the last item in the column.

**Mr. MacDonald:** The \$155 million was the Treasury Board, and that was that special \$500 cost-of-living bonus which appeared in the Treasury Board first supplementary estimates for the year and is not carried in this year.

**Senator Graham:** With respect to the Cape Breton Development Corporation, as I recall the supplementary for 1974-75, it was something in the order of \$12 million.

**Mr. MacDonald:** It was in approximately that order, yes.

**Senator Graham:** How do you account for the difference of approximately \$20 million?

**Mr. MacDonald:** We would have to go into the details of the estimates under the Department of Regional Economic Expansion.

**The Chairman:** Perhaps you would like to wait on that, Senator Graham, until we cover the individual departments.

**Senator Graham:** Yes, thank you.

**Hon. Mr. Chrétien:** If, in fact, Senator Graham, this \$12 million was for a special capital investment they had to make, it was a deficiency in the revenue.

**Senator Graham:** It was a deficiency, because I recall asking that specific question the last time you appeared. I was endeavouring to find out where the money was placed in relation to the opening of a new mine and the order of dollars allocated for the opening of that new mine. However, I have not yet been able to identify the source of those funds.

**Hon. Mr. Chrétien:** Yes, we have approved the opening of a new mine, but I do not believe the money has been spent. However, the minister will be in a position to give you the specifics.

**Senator Flynn:** I was going to ask for an explanation of the increase in the public debt charges to \$650 million.

**Hon. Mr. Chrétien:** I think that is because the interest rate was higher and the Minister of Finance had to pay more—

**Senator Flynn:** Higher than the previous year?

**Hon. Mr. Chrétien:** Yes. There was additional borrowing and there were higher interest rates paid last year. If you recall, Senator Flynn, with regard to the Canada savings bond campaign last year, the money was at a higher rate.

**Senator Flynn:** And you borrowed more—

**Hon. Mr. Chrétien:** It was too successful, to a certain extent.

**Senator Flynn:** It seems to be very high.

**Hon. Mr. Chrétien:** Did you buy any?

**Senator Flynn:** Yes. I usually buy some and sell them the next year to pay my income tax. But what would be the purpose of the increase?

**Mr. MacDonald:** Senator, the cost for 1974-75 was \$3,120 million—that is expenditure—and for 1975-76, \$3,575 million. So in expenditure terms \$400 million and some. The

comparison in the minister's speech was estimates to estimates.

**Senator Flynn:** When you say "expenditure", you mean the cost on the debt was \$3 billion?

**Mr. MacDonald:** Yes.

**Hon. Mr. Chrétien:** \$3.5 billion.

**Senator Grosart:** Where do the details of the public debt appear in the blue book? They are not in the index.

**Mr. MacDonald:** They are in the items for the Department of Finance, at page 8-14.

**The Chairman:** I think you were asking for the gross amount of the debt, were you not?

**Senator Flynn:** Yes.

**Mr. MacDonald:** I do not know that we have the current figure, but in the booklet "How Your Tax Dollar is Spent" it shows that the gross public debt—

**Hon. Mr. Chrétien:** —is \$55.6 billion on March 31, 1974, compared with \$51.7 billion on March 31, 1973.

**Senator Carter:** On a per capita basis, what does that mean?

**Hon. Mr. Chrétien:** You divide that by 23 million people. I will pass that problem over to you, senator.

**Senator Carter:** It is easy to see how it is increasing.

**Mr. MacDonald:** It is about 0.65—about 6½ per cent.

**The Chairman:** Six and a half per cent is the average interest rate on the debt.

**Senator Flynn:** On the basis of the figures mentioned in the estimates, it seems to me that \$650 million is much higher. You have here about \$455 million.

**Mr. MacDonald:** As I said, the figures in the minister's speech were a comparison of estimates to estimates—that is, 1974-75 main estimates to 1975-76 main estimates; while the figures we are speaking of here are a comparison of actual expenditures in 1974-75.

**The Chairman:** It would indicate that the overall interest rate on the debt has increased less than one-half of one per cent.

**Senator Grosart:** The rate of increase?

**The Chairman:** No, the actual increase. The cost of carrying the debt has increased about four-tenths of one per cent over a period of a year.

**Senator Carter:** Senator Flynn has just about covered the point I was interested in. The total supplementary estimates for last year amounted to what—how many billion?

**Hon. Mr. Chrétien:** About \$4.9 billion.

**Senator Carter:** That was around 25 per cent?

**Hon. Mr. Chrétien:** The actual increase of expenditures from 1973-74 to 1974-75 was around 25 per cent—the actual increase in expenditures, when you add the estimates plus the supplementary estimates. With the supplementaries for this year, we have to make provision in our calculations. It is not in the book, but in our calculations we keep in mind



that we will have to have some items. You cannot pay for them unless there are supplementaries. There is no law to permit us to write them in the blue book. We hope that the increase in expenditures this year from last year will be 15 per cent to 16 per cent.

**Senator Carter:** Have you made a projection on your supplementary this year?

**Hon. Mr. Chrétien:** Yes. We have made a prediction in the supplementary estimates. One of two items last year was very significant. It was the payment of subsidies on imported oil. It was not in the blue book. We paid for that \$1.3 billion. Because the province of Alberta had received so much revenue from it, we were forced to put many hundreds of millions of dollars into the equalization payments fund, because you cannot have too large a spread between the richest province and the other provinces. That is another expenditure that was very much related to the big change in the oil situation in Canada.

**Senator Carter:** If the oil price is set higher than it is at present, how will that affect your budget?

**Hon. Mr. Chrétien:** That will affect the expenditures—not the budget very much, but the expenditures in one sense, because we will have to distribute less money, and that could reduce our estimates. Suppose we set the price two or three dollars higher than last year, we would have less money to contribute to the Eastern provinces as a subsidy, so my expenditures would be reduced. But in terms of the treasury, it will be neutral, because there will be less revenue coming in and there will be less expenditures—just a transfer of payments. In terms of my estimates, if I were selfish in looking at my own problems, that would be a welcome move, but I do not think everyone in Newfoundland would be happy.

**Senator Flynn:** In such a case, what would be the consequence on the fiscal transfer payments?

**Hon. Mr. Chrétien:** There will not be any change. It could have an influence, yes. If that brings to Alberta and Saskatchewan much more revenue, we will have to adjust our equalization payments with the have-not provinces.

**Senator Flynn:** You would lose on both sides.

**Hon. Mr. Chrétien:** All the savings that I will make in terms of the grants will be reduced by the amount of money I will have to pay in equalization payments. But I do not think the equalization payment changes, in numbers, will be as high as the savings.

**Senator Carter:** The Minister of National Health and Welfare has been trying to work out a new social security system, a sort of guaranteed annual income. Has any provision been made for that, or will that not affect this year's budget?

**Hon. Mr. Chrétien:** No. I think he is working with the provinces on a minimum income scheme. There is no date set for the implementation of that. I think he is trying to develop a system which could be put in place when the economic circumstances permit. Of course, that decision will have to be made by Cabinet. He is trying to develop a mechanism which would permit that system to be put in place.

**Senator Croll:** So, an increase of \$642,266,848 is normal? There is nothing special about that at all?

**Hon. Mr. Chrétien:** That is the overall increase of all programs within that department, senator. For example, there have been increases in family allowances because there are more children and also because there is a cost-of-living clause attached to family allowances. In addition, there are hospitalization payments and payments in respect of the various other programs within that department.

**Senator Croll:** In the statement made by the Honourable Mr. Lalonde, he indicated that he would be prepared immediately to undertake some of the provisions. Senator Carter's question was whether he had allocated money for that purpose. I gather that is not the case. I will not press the point further.

There was a statement made on the floor of the Senate yesterday which startled me somewhat, and I should like your comments on it. The statement was made to the effect that there were 1,000 public servants in Ottawa alone receiving more than \$60,000 a year.

**Hon. Mr. Chrétien:** More than 1,000 making \$60,000 a year? Mr. MacDonald is not even making that.

**Mr. MacDonald:** Unfortunately, no.

**Hon. Mr. Chrétien:** I am not sure that any public servant receives that much. There are only four or five in the top salary range, and I do not think there are any making \$60,000. The maximum of the top range is \$60,000, but there are only a handful who are in the top salary range. I know my own deputy minister, who is referred to as one of the most senior public servants, makes much more than I do, but not that much.

**Senator Neiman:** Is it possible that whoever made that statement was thinking in terms of people who were hired by the government to perform special tasks—In other words, not salaried public servants?

**Hon. Mr. Chrétien:** Perhaps the heads of some outside agencies are making that much, or more, such as the president of the CBC, the president of the CNR, or the governor of the Bank of Canada. Even taking those people into consideration, there would be very few earning that much.

**Senator Neiman:** I was not thinking so much of those individuals, but rather people hired as special staff.

**Hon. Mr. Chrétien:** No, that would be impossible.

**Senator Croll:** How many would you say are earning in the \$60,000 range?

**Hon. Mr. Chrétien:** Half a dozen, a dozen at the most. It is difficult to say, because those at the top are in a salary range between \$52,000 to \$60,000. We do not divulge the exact amount, because there are efficiency provisions which come into play. We say public servant "X" is in the \$52,000 to \$60,000 salary range, but we do not say whether he is at the lower end of the scale or the higher end.

**Senator Croll:** Your correction will not catch up with that statement for the next six months, and it will be thrown at the government.

**Hon. Mr. Chrétien:** It was a very irresponsible statement for someone to make. It simply is not true.

**Senator Croll:** It did shock me a little, but it was said with a great deal of confidence.

**Hon. Mr. Chrétien:** You should have corrected it.

**Senator Croll:** I did not know what the facts were.

**The Chairman:** You will have an opportunity in the house this afternoon, Senator Croll, to redress the wrong.

**Senator Croll:** Well, it is not my responsibility to correct the statement.

**Hon. Mr. Chrétien:** It is your responsibility.

**Senator Grosart:** I think it came from a member of the cabinet; that is the trouble.

**Hon. Mr. Chrétien:** There is only one member of the cabinet in the Senate. He is the one who said it?

**Senator Grosart:** I think that is where it came from.

**Senator Barrow:** That statement was first made by Senator Lawson and then repeated by Senator Perrault.

**Senator Langlois:** Senator Perrault simply made reference to what Senator Lawson had said.

**Senator Neiman:** That is right.

**Hon. Mr. Chrétien:** In any event, it is not true. The maximum salary range is up to \$60,000, and there are very few who are at the maximum. The classification DM-4 has a maximum salary of \$60,000, and there are only five or six in that category. As I said earlier, there are some heads of outside agencies—perhaps four or five—who make more than that, such as the governor of the Bank of Canada, the president of the CBC, the president of the CNR.

**Senator Flynn:** And the president of Air Canada.

**Hon. Mr. Chrétien:** Yes. As I say, there are very few. They are paid less than people who are in comparable positions in the private sector.

**Senator Carter:** Does the public service represent one of the most consistently growing items of expenditure?

**Hon. Mr. Chrétien:** No. In fact, only 14 per cent of the federal budget goes for salaries of public servants. In fact, the federal government spends less on manpower than most other organizations. Most of the federal budget is comprised of transfer payments to the provinces or to individuals, and so forth. Only 14 per cent of the budget goes for salaries of public servants.

During the period 1972 to 1974 there was a 7 per cent per year average increase in the public service, and that has now been cut down to an increase of 4.1 per cent.

**Senator Carter:** You have cut it in half.

**Hon. Mr. Chrétien:** Yes.

**Senator Carter:** Do you see a point where it can be levelled off?

**Hon. Mr. Chrétien:** That would be very difficult, senator. The majority of the extra man-years allocated have been allocated to such departments as the Post Office and the RCMP, the increases having been brought about by population growth. To give you the exact figures, the Post Office has had to take on 5,000 more employees; the Public Service Commission, 1,700; Correctional Services, 1,000; Transport, 1,000; National Revenue, 1,000—

**Senator Flynn:** But there is more revenue collected.

**Hon. Mr. Chrétien:** Yes—and the RCMP, 1,000. These increases have been brought about by increased activities in those areas.

**Senator Carter:** What about the armed forces?

**Hon. Mr. Chrétien:** There has actually been a decrease in manpower for the armed services. The ceiling for the armed forces was at 83,000, and it is now down to 78,000 or 79,000. If you offset the decrease in National Defence manpower against the increases I have listed, the overall increase will be almost nil.

**Senator Grosart:** Mr. Minister, would you repeat the percentage of total expenditures which is allocated for public service salaries?

**Hon. Mr. Chrétien:** It is 14 per cent of the budget.

**Senator Grosart:** Where would that appear in the blue book? Looking at page 1-32 under "Percentage Distribution by Function 1975-76", I see a total of 4.1 per cent for internal overhead expenses and 5.1 per cent for general government services. Where would this 14 per cent appear?

**Mr. MacDonald:** Salary expenses are carried in each program. If you are talking about the Department of National Health and Welfare, for example, looking at the distribution by function, the salary costs of running that department are contained in the function.

**Senator Grosart:** So, there is an element of fiction in this chart. To say the combined total of internal overhead expenses and general government services is only 9 per cent, would tend to be misleading, unless you included salaries. Normally, in a business internal overhead will take in salaries.

**Mr. MacDonald:** I think that for the government the delivery of mail is not internal overhead, nor is the operation of airports. I think you are making a distinction between operating and capital expenditures.

**Senator Grosart:** I would not think so; it is part of the overhead. If you have a messenger in the business who goes to the post office he is part of your internal overhead. This is a government service supplied and it costs manpower.

**Hon. Mr. Chrétien:** This illustration has one purpose in mind. When dealing with figures like that it cannot be argued that this is perfect; it was to make one point, but perhaps we should have another one, such as manpower. We have about 315,000 man-years, men working for the government. The cost of that is about 14 per cent of the budget; it is a service that we deliver to the citizens, and it is not government overhead. We could take the example, for instance, of the crown corporations.

**Senator Grosart:** What is the percentage on goods and services? I think it is in the booklet "How Your Tax Dollar is spent."

**Hon. Mr. Chrétien:** There are a lot of illustrations in that. We do not make a distinction like that.

**Senator Grosart:** The figure is often given though, the percentage of total expenditures on goods and services, as an indication of the actual cost of running the government as distinct from transfer payments.

**Mr. MacDonald:** You are thinking in national accounts terms?



**Senator Grosart:** Yes.

**Mr. MacDonald:** Goods and services are of the order of about 6 per cent.

**Senator Langlois:** I should like to return to this decrease in the non-uniformed personnel of the armed forces.

**Hon. Mr. Chrétien:** And uniformed—both.

**Senator Langlois:** Was this not offset to some degree by an increase in the civilian staff doing purely administrative jobs in the Department of National Defence?

**Hon. Mr. Chrétien:** No. I think there was a reduction in the civilian staff too. Taking the uniformed people and civilians, on top of the total civil service, I would guess that there is absolutely no increase this year, or not very much. It will reduce the 3.5 per cent to almost nothing. The civilian staff of DND went down from 40,000 to 37,000.

**Senator Croll:** The armed personnel went down from 83,000 to 78,000?

**Hon. Mr. Chrétien:** Something like that.

**Senator Croll:** As I understand it, the normal force is calculated at about 83,000 or 85,000. With the amount of unemployment particularly amongst young people, is this not a place to put 5,000 young people, where they could do some useful work without drawing unemployment insurance?

**Hon. Mr. Chrétien:** In my judgment, the armed forces should not be used to cure the unemployment problem of the nation.

**Senator Croll:** Mr. Minister, you are short of personnel; you are down from what used to be considered the normal figure of 85,000 for defence.

**Hon. Mr. Chrétien:** Over the last 15 years we have reduced the number from 110,000 to 78,000. That is because it has less of a priority within the government. This is not a phenomenon existing only in Canada. The British have very much reduced their defence expenditures, and many other countries are doing the same thing at this time, not in dollar terms because of inflation, but in the number of men in relation to the GNP.

**Senator Croll:** Do you know what our bottom figure is? How far will we go down?

**Hon. Mr. Chrétien:** I do not know. We had a formula for National Defence. We froze the amount for two or three years, with no increase in their budget. After that we devised a system by which their budget would be increased by 7 per cent a year. Last year they came back and we had to give them \$150 million more on top of the 7 per cent increase. With that, we were forced to reduce their ceiling from 83,000 to 78,000. Their costs are just fantastic. It is quite a difficult problem to resolve; their costs are rising faster than predicted. They were very happy with this agreement that in future they would have an increase of 7 per cent on personnel and 2 per cent on capital.

**Mr. MacDonald:** The capital was to accelerate at a greater rate.

**Hon. Mr. Chrétien:** Inflation hit them very badly and there was a reduction, despite the fact that on top of that increase I gave them \$150 million.

**Senator Carter:** It was not enough to keep up with inflation.

**Hon. Mr. Chrétien:** It is very expensive to operate an army.

**Senator Hicks:** I cannot reconcile what has been said in the last few minutes with the figures on page 1-21, showing an increase of \$360 million in National Defence, which is 15 per cent of \$2.4 billion.

**Hon. Mr. Chrétien:** Yes, we gave them 7 per cent plus \$150 million, but even with an increase of that magnitude they were forced to reduce their numbers.

**Senator Hicks:** But you are budgeting for next year an increase of 15 per cent.

**Hon. Mr. Chrétien:** Yes, over the previous years. We gave them 7 per cent and \$150 million last year, and we gave them some more this year in our blue book. They were forced to reduce their manpower by 3,000 or 4,000. Now I am told I am heading for bad news soon, because they are coming to see me again.

**Senator Hicks:** With what you are voting for next year you do not contemplate further reductions in manpower, or do you?

**Hon. Mr. Chrétien:** The problem is that I am handling the financial aspect. They tell me that I am something of a Scrooge to them, despite the big increase I gave them. I do not run the Department of National Defence. It is a very expensive operation. Despite the 15 per cent increase, more or less, if you are right in your percentage, they are forced to reduce their numbers of uniformed and civilian personnel.

**Senator Croll:** Is 80 per cent of their costs on personnel?

**Hon. Mr. Chrétien:** It is very high. I cannot tell you exactly.

**Mr. MacDonald:** Out of their total budget of \$2.8 billion their personnel costs are getting fairly close to \$2 billion.

**Senator Hicks:** Seventy-five per cent.

**The Chairman:** Are there any further general questions?

**Senator Barrow:** On page 1-38, under Transportation, I notice under forecast expenditures for Canadian National Railways a deficit of \$45 million.

**Senator Everett:** Honourable senators, we should try to avoid specific questions, because we will be going through this department by department a little later. At the moment let us confine ourselves to general questions while the minister is here.

**Senator Manning:** Mr. Chairman, could the minister tell us what has been the overall experience to date in respect to the oil subsidy and the export tax? Since the two programs started, the collecting of the tax, on the one hand, and the subsidizing, on the other, how do we stand today? Have we collected more than we have paid out or have we paid out more than we have collected?

**Hon. Mr. Chrétien:** Last year we collected a little more. I cannot give you the precise figures. It is likely that this year will collect much less than we will spend.



**Senator Manning:** Further to that, to what extent is the oil subsidy tied to the export tax? In other words, if our exports decrease and the export tax revenue decreases as a result, is the government committed to continue a subsidy to fix the level anyway?

**Hon. Mr. Chrétien:** I think so, senator.

**Senator Manning:** What do we do then—fall back on general revenue?

**Hon. Mr. Chrétien:** I believe we would have to, yes,

**Senator Manning:** In the opening statement, Mr. Chairman, there is a figure of \$786 million, being the increases in fiscal transfer payments. Is that entirely in the equalization grants feature of the formula?

**Hon. Mr. Chrétien:** It is not all in equalization payments. There are other programs of the same nature.

**Senator Manning:** Is that the big feature, though?

**Hon. Mr. Chrétien:** That is the big one, yes.

**Senator Manning:** There is no change in the formula itself, as I understand it.

**Hon. Mr. Chrétien:** No, not at this time. One of the problems the federal government faces because of this is that it was not predicted at the time the formula was drafted that one province could get so rich so quickly, like Alberta. The problem now is that through no fault of the federal government, our expenditures through the formula are increasing very substantially. Everyone is after me to control the expenditures, but I cannot control that. The formula is written in the law and I have to pay it.

**Senator Manning:** Is that formula now on the basis of any number of years? Is it open for renegotiation at a given time?

**Hon. Mr. Chrétien:** I do not think that there is a time limit on it. Personally—and I am not speaking as Minister of Finance when I say this—I think this formula will have to be looked into again because it could be that in a few years there will be only one “have” province and all the rest will be “have-nots”, including Ontario. That could lead to a bad situation.

**Senator Manning:** It would be rather hard on Alberta if there was only one “have” province.

**Mr. Chairman,** with respect to the references to the armed forces personnel, I recall reading some statistics a short time ago which indicated that, while there was an overall decrease in the number of personnel in the armed forces, nevertheless the ratio of officers to men was increasing. I suppose that would be due simply to the decrease in manpower, but is it the case that we are getting more chiefs than Indians?

**Hon. Mr. Chrétien:** There are references to that once in a while, but I am afraid I cannot comment on that at all, senator.

**Senator Yuzyk:** Mr. Chairman, I am particularly interested in multiculturalism. I asked a number of questions about the subject in the Senate and it took about a month and a half before I received any answers. Of course, the delay is obviously related to the fact that multiculturalism cuts across at least the Department of the Secretary of State and the Department of Labour, although I under-

stand Mr. Munro does not have a budget for multicultural purposes; he has to go to the Secretary of State. Can you tell me how you calculate what is needed for multiculturalism? For example, I still do not know how the \$19 million is really spent or who is responsible for it.

**Hon. Mr. Chrétien:** The Minister of Labour is responsible for the handling of the programs, but the money is within the budget of the Secretary of State. Actually, the minister responsible for multiculturalism is Mr. Munro, and you should question him on where the \$19 million is going and what effect the program has. Unfortunately, I cannot give you any precise information on the actual effect of the program in the regional distribution of the money or the type of organizations involved. I am just not equipped to reply to that sort of question.

**Senator Yuzyk:** You are not confronted with the problem of the estimates in this field.

**Hon. Mr. Chrétien:** No. At the time the budget is prepared I discuss it with the minister and we establish a level, but that is all. There are officials from my office who are familiar with this, but unfortunately they are not with me this morning.

**Senator Yuzyk:** I wonder if I could get a breakdown of that \$19 million.

**Mr. MacDonald:** What type of breakdown, senator?

**Senator Yuzyk:** The programs, the sums that are allotted for various programs and projects in general.

**The Chairman:** Senator Yuzyk, it would be preferable if you pursued that with Mr. MacDonald when we get to the departmental estimates.

**Senator Yuzyk:** Very well.

**Mr. MacDonald:** I would not have that kind of detailed information. We will attempt to get a breakdown for you and provide it to you later.

**Senator Carter:** Mr. Minister, do you have a chart for operating expenses similar to the chart on page 1-32? I am interested in what I would call the overhead, salaries, and all of the real operating expenses of the government. Obviously, all of that is not included under “internal overhead expenses.”

**Mr. MacDonald:** We do not have a chart like that, senator. However, in the booklet “How Your Tax Dollar is Spent” there is a table which may indicate what you are looking for.

**Hon. Mr. Chrétien:** You will find that on page 10 of the booklet, senator. Incidentally, you will find quite a bit of information in this booklet, if you care to read it.

**The Chairman:** We have not received our copies of the new booklet yet, Mr. Minister.

**Mr. MacDonald:** There are usually two printings of the publication, one for immediate use and the other for the larger printing. I am rather surprised that at least the larger printing has not been made available to you. I will inquire into it.

**Hon. Mr. Chrétien:** Certainly, senators should have a copy right from the first issue.

**Senator Grosart:** There is a simple explanation, Mr. Minister. We have a problem in connection with the joint

distribution system we have here. Quite often if they begin to run out of copies, the Senate just does not get any.

**The Chairman:** Perhaps it would be helpful if this committee were put high on the priority list.

**Hon. Mr. Chrétien:** Yes. I am terribly sorry you have not received your copies of this booklet. My executive assistant is on the telephone right now rectifying the matter.

**Senator Carter:** At any rate, part of the answer to my question is contained in that booklet, is that right?

**Hon. Mr. Chrétien:** I think you will find some helpful information on page 10 of that booklet. There is an indication of the operating expenses, the capital grants, contributions and so on, with illustrations.

**Senator Carter:** Obviously, as a member of the committee I am interested in the subject, but beyond that I believe that people generally are interested in the cost of government and in what is happening to the cost of government itself. That involves not only the overhead and what is being paid out for services and personnel, but all of the other things which an ordinary business must take into account. We do not seem to be able to get that kind of picture from these estimates. We get bits and pieces of it, but that is all.

**Hon. Mr. Chrétien:** Well, the percentage distribution by function shown on page 1-32 is quite a simple distribution.

**Senator Carter:** Yes, I realize that. It has to do with your expenditures.

**Hon. Mr. Chrétien:** Yes.

**Senator Carter:** But what I am talking about is the actual cost of running the government. What is the government apparatus costing?

**The Chairman:** What do you define as "the cost"?

**Senator Carter:** Well, as pretty well comparable to those items which a business would regard as operating expenses.

**Hon. Mr. Chrétien:** But if you look at the table on 1-32 you will see an item of general government services of \$1.4 billion, and after that you can add perhaps Foreign Affairs.

**Senator Carter:** No. I would not regard Foreign Affairs in that way, except perhaps for the personnel that you employ, or what you may pay in rents for buildings.

**Hon. Mr. Chrétien:** Yes. Anyway, it is very complicated, because when you take one route you develop another set of problems, and so on.

**Senator Carter:** I can see it is difficult, but most people have the idea that the cost of government itself is too high, not only that of federal government, but that of provincial and municipal governments. They have no way of getting a clear picture, if it is too high, of how it compares with other things, and whether it is getting bigger and increasing faster than it should. Perhaps it is impossible to provide that information; I do not know.

**Hon. Mr. Chrétien:** Sometimes, you know, when you redistribute money you wonder whether it is expenditures or just redistribution. For example, what about old age pensions?

**Senator Carter:** I would leave that out. I would not include transfer payments.

**Hon. Mr. Chrétien:** But some would argue that it is a government expenditure; and it is, too, in fact. Everyone wants us to cut expenditures, but no one wants us to cut the programs, and that makes it quite difficult.

**The Chairman:** Do you not take out direct goods and services as an expenditure item? It seems to me in the past that you did that in showing how tax dollars were spent, and related that to a percentage of the GNP.

**Mr. MacDonald:** In the main estimates we attempt to produce a lot of figures. For instance, if you want to know how much is spent on salaries, how much is spent on materials and supplies, and so forth, there is a table that shows that. We have other tables that distribute the money on a functional basis as well as the table in "*How your Tax Dollar is Spent*", plus several other bases.

**Hon. Mr. Chrétien:** I advise you to read that little book; you will be surprised how informative it is. We have tried to simplify it as much as we can, and I learn a lot, simply by working through it at estimates time, looking from department to department. When I read that booklet before I approved it, it gave me a much more precise image of the orientation, because sometimes you are buried in one item and you forget the total distribution.

**Senator Carter:** I have one more question. We have had a lot of strikes and a lot of lost production this year as a consequence. Have you any figures as to how much GNP has been lost? Have you made any calculations?

**Hon. Mr. Chrétien:** No. I think there were some figures published on that. We have done pretty badly in Canada.

**Senator Carter:** I know. We are worse than anybody else, except Italy; but what does it add up to in terms of dollars and cents or GNP?

**Hon. Mr. Chrétien:** It is certainly not very substantial in terms of the GNP; it is quite marginal, but it is still too much.

**Mr. MacDonald:** We can attempt to see if there are any published figures on that.

**Hon. Mr. Chrétien:** The figure we usually have is that there were, let's say, 5 million hours lost through strikes last year, or something like that, and so you can average that out at, say, \$5 an hour, and make a calculation on that in relation to the GNP. It is quite easy to make an approximation. We can give you the number of hours lost last year, and you can make your own calculations in relation to the GNP; but this year, although we are not half way through the year yet, I have the impression that, even if there are a lot of negotiations going on, it will not be worse than last year.

**Senator Carter:** I remember somewhere—I think Senator Croll noticed this too—a statement to the effect that we have lost enough production this year, through strikes, lockouts, illegal walkouts, and so on, to pay for a guaranteed annual income.

**Hon. Mr. Chrétien:** It could be. I have not made the calculations. We are trying to cope with the problem. As you know, there are a lot of people who always talk about the number of strikes in the public service, but there have



been very few of them. There have only been seven legal strikes in the public service since 1967, and we have had 350, I think it is, collective agreements signed since we introduced collective bargaining with the right to strike. In spite of that there have only been seven strikes. Of course, we have had three in the last year, and there was a lot of disruption; but now, as you know, what we have done is to prosecute 2,000 people who have acted illegally. One of the problems, of course, is that it takes too much time, for my liking, to get them in front of the courts, but that is not under my jurisdiction. I have done my job. I have made application in front of the PSSRB, which has to give us permission to go to court. We have so far received permission to go to court in the cases of 350 people, and there are 1,600 others who are in front of the PSSRB right now. I am doing what I can. I am for the right to strike, but these people were acting illegally and we have to prosecute them. Everyone is called upon to respect the law, and this I will be quite stern about. It is not negotiable. I have decided to prosecute, and if they want to strike about it they will strike for a hell of a long time, but I will not drop the charges. The message is coming across, you know. The blue collar workers brought this up and we said, "We are not negotiating on that. It is not negotiable."

**Senator Langlois:** Would you mind repeating the number of these prosecutions pending in the courts?

**Hon. Mr. Chrétien:** We have 350, more or less, in front of the courts now, and we have about 1,600, more or less, in front of the PSSRB; but, as you know, these cases have to be in front of the courts within six months after the offence, and one of the problems is that we have to ask the permission of the PSSRB before we can go before the courts.

**Senator Carter:** Is there a good reason for that?

**Hon. Mr. Chrétien:** The law. This requirement is under the Public Staff Relations Act.

**Senator Croll:** Otherwise there is the possibility of some of these prosecutions lapsing?

**Hon. Mr. Chrétien:** I hope not. I think the PSSRB will make sure we can prosecute. So far, at least, for the first time in history, we are in front of the courts with 350. Some have been fined very little; some have been fined the maximum. But in the committee of the Senate and the House of Commons on the Finkelman report, the members are looking into that, and perhaps the penalty and the mechanism could be improved. I hope that some of the senators who have an interest in this matter will make their views known, because we have to clarify the situation. We accept strikes by those who have the right to strike. That is an economic and social conflict between a specific group and the government, and we have to settle it after so many weeks or so many days. That is fair ball. I do not think, however, that we can tolerate people who have been designated as essential services walking off their jobs. That is my theory, anyway. I hope I will have some support for it, and indeed, I have had some support so far.

**Senator Grosart:** Mr. Minister, you have twice made a statement indicating the nature of the obligation on the government to raise more money to take care of the equalization formula. You said that if a province gets richer the federal government has to take some of that wealth with respect to the statutory equalization formula. How do you determine, on that formula, when a province gets richer?

**Hon. Mr. Chrétien:** That is a very complex formula, and I am not a specialist in it. There was a debate on it.

**Senator Grosart:** What I am really asking is, is it based on the level of provincial government revenues?

**Hon. Mr. Chrétien:** I have a text here that perhaps I can read.

The most significant unconditional transfers in terms of the amounts involved are equalization payments for which the 1975-76 Main Estimates provide \$2 billion. The object of these payments is to ensure that every province has sufficient funds from its own resources and from equalization payments to provide a standard level of service to its population that is equivalent to the general level of services provided by all provinces.

Calculations for these payments are based on about 20 different sources of potential tax revenue with an identified tax base for each. For example, the tax base for sales of motor fuels is the number of gallons sold. When a province's percentage share of the tax base for any source is less than its percentage share of the total population of Canada, that province is entitled to an equalization payment. If its share of another tax base is proportionally higher, this reduces the amount of equalization to which it is entitled.

**Senator Grosart:** The reason I ask the question is that this principle does not seem to have been followed in the equalization of consumer prices for petroleum products.

**Hon. Mr. Chrétien:** That was an *ad hoc* policy on oil products. As you know, it was a very unusual situation where the international price went up very quickly. We wanted to protect Canadians against that as much as possible.

**Senator Grosart:** But you seem to put this into the category of an equalization payment.

**Hon. Mr. Chrétien:** No, it was a special program to absorb this change in the price pattern for oil in the world. But what happened was this, because the price of oil went up so very quickly, Alberta and Saskatchewan, but particularly Alberta, received a lot more money at one shot. Its revenue increased very rapidly, and that changed the national average and, since a province cannot be that much lower than the others, we were forced to give some more money to keep the differential as established in the law. It was because of the fact that Alberta, as a province, was receiving much more money in revenue that we had to do it. And this had nothing to do with the taxes that we were taking away from the American importers.

**Senator Grosart:** But my point is that it is not, in the formal sense, an equalization payment to the provinces.

**Hon. Mr. Chrétien:** No, it went to the consumers of the eastern provinces.

**Senator Grosart:** But you have related it to the equalization formula, and I am suggesting that it has nothing to do with that.

**Hon. Mr. Chrétien:** No, you are right. It involves two different problems completely.

**Senator Grosart:** Yes, but I am saying that you relate the two. You said that when a province gets richer, then we have to take more money, which you have done with the tax on tax—and there is a dispute as to its constitution-



ality. I am just asking why you seem to relate this particular operation to the equalization formula, and I am simply suggesting that it has nothing to do with it.

**Hon. Mr. Chrétien:** In some ways it has nothing to do with it, but in other ways, because there was more revenue coming to Alberta, we had to put more money into equalization.

**Senator Grosart:** Then what percentage of the additional take of Alberta revenues went to the consumers, as against that which went into provincial equalization payments?

**Hon. Mr. Chrétien:** I do not have that figure with me, but we can find out.

**Senator Grosart:** It is a fairly important question as to why, when you have an equalization formula, the government should resort to a new formula rather than relying on the existing equalization formula which is, in my understanding, supposed to be geared to this kind of situation.

**Mr. MacDonald:** Mr. Chairman, if I might reply to that, the equalization formula is not a consumer subsidy; it is an attempt to subsidize provinces for the provision of provincial services. I do not think that the provision of petroleum products is a provincial service, and this was an attempt to shield the consumer directly against the full impact of the increase in international oil prices. It is not in any sense a federal-provincial fiscal arrangement as the equalization payments are.

**Senator Grosart:** But it all came from the same source—the additional money for equalizing consumers and the money for equalizing the provinces. It all came from the same source.

**Hon. Mr. Chrétien:** Not necessarily. The money we got from the American consumers went directly to the eastern Canadian consumers. That was a transfer payment from one part to the other, more or less. The money we had to give in the form of equalization payments came from the total pie of the taxes that all Canadians pay to the federal government. It was not related to the tax that we were collecting from the Americans at all. All that money, more or less, went to the consumers of eastern Canada.

**Senator Grosart:** Of course, Alberta would say that they both came from exactly the same source, which was the potential revenue of all the oil exporting provinces.

**Hon. Mr. Chrétien:** If Alberta had been left with the potential of selling their oil right to the Americans at \$12 a barrel, but at the same time there is the other side of the argument that for a long, long time, when Alberta was developing its fields, they were very happy to have a close market called Ontario.

**Senator Grosart:** Yes, and I am not going to argue that point.

**Senator Croll:** People keep talking about that "closed market called Ontario", and I keep repeating—and I keep getting hell from the guys in the west—that it was no such thing as Ontario because it stopped at the Ottawa Valley.

**Hon. Mr. Chrétien:** But there was this line which meant that it was Ontario less the Valley up to Kingston, but that is a minor part of Ontario.

**Senator Croll:** I quite agree with you, but these westerners keep harping at this all the time.

**Hon. Mr. Chrétien:** I am in a very happy position in that I am half an Albertan and half a Quebecker.

**Senator Croll:** You are wrong on both sides then. Dealing with the relationship between federal, provincial and municipal expenditures which usually move up and down in relation to each other—and I gather the last time we were down and they were up—can you give us any information as to how we have done in the situation in the last couple of years, percentage-wise?

**Hon. Mr. Chrétien:** Percentage-wise, I can give you the total on the national account basis from 1961 to 1974. In 1961 the total federal government expenditures amounted to 15.3 per cent and the provincial government expenditures amounted to 6.1 per cent. Then in 1974 the federal government amounted to 16.2 per cent while the provincial governments had gone up from 6.1 to 11.2 per cent. So we have been increasing by less than 1 per cent while the provinces have been increasing their expenditures by 5.1 per cent. That is based on the percentage of the total government expenditures. Table 3 on page 12 of this booklet will give you some idea of this. In 1973 all governments were spending 37.6 per cent of the GNP. There will be a change in 1974 because of that \$1.3 billion in oil payments included in the books of the federal government, so there was a big jump of transfer payments to individuals, but that is an unusual situation.

**Senator Croll:** Well, if you look at the local government situation from 1954 to 1959, and then take a look at the jump as between that and 1964, and then again from 1964 to 1969, you find it has almost doubled; it is 3.471.

**Hon. Mr. Chrétien:** It is doubled in money, but not in percentages. It is better to look at percentages because the money is meaningless.

**Senator Croll:** I have one more question and maybe an observation with reference to the chart at page 1-32 in the blue book, which is very informative. Defence is shown as 9.9 per cent expenditure, which, of course, is nothing like that of the Americans, but we cannot get into that. However, that is much lower than the British, which I believe runs as high as 12 and 12.5 per cent; and much lower than that of all the other NATO partners.

**Hon. Mr. Chrétien:** Yes, it is lower; I agree that we are very low on the ladder, but I would like to have more information. I am told, for example, that in Germany the railway deficiency is shown under national defence. In Canada we have 9.9 per cent, but, for instance, our Coast Guard could be included, if we wished, as a National Defence expenditure. This varies from one country to another. Are the pensions of veterans included in that 9.9 per cent, for example? Those expenditures are included in Welfare, but perhaps should be included in National Defence because they are consequential to it. I am informed that some countries include payments to veterans in National Defence, which would add to the percentage.

**Senator Croll:** Mr. Minister, I am not arguing with you. I consider these in the same manner as an outsider looking at them. However, it occurs to me that in our present circumstances, the type of discipline, education and career available in our armed forces as compared to previously, with openings for 5,000 young people, constitutes a grand opportunity, and I know of no better way to use money than that.

**Hon. Mr. Chrétien:** Yes, but the costs of maintaining one man in the armed forces, the overhead and so on, are very high. More than the salary of that man has to be considered. It would be very easy to do that rather than issuing him welfare or unemployment cheques, but the cost of keeping one individual in the armed forces is very great.

**Senator Croll:** I know.

**Hon. Mr. Chrétien:** They are now paid much better than was previously the case. In fact, we pay members of our armed forces the same as civil servants, relatively speaking.

**The Chairman:** Are there further general questions? If not, with your permission, honourable senators, perhaps the minister may go about his other duties. Thank you very much, Mr. Minister.

**Hon. Senators:** Hear, hear.

**Hon. Mr. Chrétien:** Thank you very much.

**The Chairman:** Agriculture. Are there questions?

**Senator Croll:** Would you just clarify this point: What does the Wheat Board pay farmers, and what advantage, other than uniform prices, do the farmers receive? Who pays for the storage?

**Mr. MacDonald:** The farmer receives what is basically left after the operation. There used to be a program under which the federal government subsidized excess stocks of wheat at year end. However, that was a term program, which expired at about the same time as the problem of the storage disappeared. So, basically the farmer is, in a sense, paying for the storage, because it is not subsidized in any sense.

**Senator Croll:** The Wheat Board has the storage facilities and they pay a certain amount for that?

**Mr. MacDonald:** Yes.

**Senator Croll:** Who paid the demurrage experienced as a result of the strikes? I understood that the farmers paid it.

**Mr. MacDonald:** I am not expert on Wheat Board operations, but I do know that at the present time there is no subsidization by the federal government of the Wheat Board operations. You will find no appropriations here for the Wheat Board, so it is, as it were, a marketing operation which must charge for its services on the product it handles.

**The Chairman:** Are there further questions with respect to Agriculture?

Honourable senators, before we continue I should mention that in our examination of Canada Manpower next week we will be hearing at 3.30 p.m. on Wednesday from four employers: Hudson's Bay Company; Hoffman-La Roche Limited; Rubbermaid (Canada) Limited; and Procor Limited. On Thursday, at 9.30 a.m., we will hold an *in camera* sitting at which we will hear from Dr. W. Dymond, who is presently with OECD and is a former ADM of Manpower.

I also have a letter from Canada Manpower in reply to a question asked by Senator Benidickson on employment visas issued in respect of mines in Canada. With your permission, I will table that letter, as you all have copies. Is it agreed?

**Hon. Senators:** Agreed.

**The Chairman:** Now: Communications.

**Senator Carter:** Yes. On page 3-2, at "Program expenditures," under CRTC, there is a tremendous increase as compared with the previous year. What is the reason for this increase, which is from \$7.4 million to \$9.1 million?

**Mr. MacDonald:** The largest portion of the costs of operating the CRTC is in salary expenditures, which have increased in the same manner as those of all other departments because of the high settlements which have taken place. That would be essentially it; there is not other item showing any substantial change.

The CRTC also increased the size of its staff from 415 in 1974-75 to 446 in 1975-76 because there was an increase in licence applications.

**Senator Carter:** Does that change take into consideration the enlarged jurisdiction of the CRTC due to transfer of functions from the CTC?

**Mr. MacDonald:** No, sir.

**Senator Carter:** So this is just a natural increase?

**Mr. MacDonald:** The growth of the broadcasting industry in Canada and the necessity for renewal of licences and removal of licences has imposed this additional work load on the CRTC.

**The Chairman:** Consumer and Corporate Affairs? — Energy, Mines and Resources?

**Senator Manning:** Mr. Chairman, with reference to Atomic Energy of Canada Limited, at page 5-4, what criterion is used for the breakdown between budgetary and non-budgetary? The major part of this expenditure is shown as non-budgetary.

**Mr. MacDonald:** There is greater detail, senator, further forward, if you wish, beginning at page 5-36, as between budgetary and non-budgetary. The non-budgetary are the loans, for instance, for the construction of the generating plant at Gentilly, Quebec, for the generating station at Lepreau in New Brunswick, and additional financing for Glace Bay heavy water production, which are all in the nature of loans to Atomic Energy of Canada Limited.

**Senator Manning:** Will those loans ever be repaid?

**Mr. MacDonald:** There is repayment. Much of it represents assistance to the provinces. These are loans which are expected to be repaid, because they are assistance to the provinces in increasing their generating capacity.

**Senator Manning:** What rate of interest applies on them?

**Mr. MacDonald:** It is the government's borrowing rate, plus 8 per cent.

**The Chairman:** Environment.

**Senator Carter:** Mr. Chairman, I am looking for the allocation for small harbours and small harbour improvements.

**Mr. MacDonald:** That would appear as part of the capital vote. I do not believe it would be a segregated item.

**Senator Carter:** Can you give me the amount that is allocated this year?



**Mr. MacDonald:** In the Fisheries and Marine Program, at page 6-18—I do not believe we have a total. We could find that out for you.

**Senator Carter:** I have found it; I am sorry. There does not appear to be any contingency fund in this item, for any emergency, and so on.

**Mr. MacDonald:** There would be, senator, in the sense that the total capital expenditure budget of the department is not necessarily taken up in all the projects that are listed. So they do not exhaust the budget, as it were, with the listing of specific items.

**Senator Carter:** The grants originally announced by the minister, \$50 million; are they included in this?

**Mr. MacDonald:** No, senator. That will have to be an item from the supplementary estimates, with payments earlier in the year having to be provided out of the contingency vote.

**The Chairman:** External Affairs.

**Senator Grosart:** Page 7-2, on CIDA—Canadian International Development Agency. We have figures showing that in 1973-74 the expenditures—that would be what we sometimes call forecast expenditures?

**Mr. MacDonald:** The 1973-74 figures would be public accounts. The 1974-75 are forecast.

**Senator Grosart:** There is a big jump here. Can you tell us how much carryover there has been in CIDA from the estimates to its actual expenditures? Under what authority—which I have not been clear on—are they permitted to carry forward these funds from year to year?

**Mr. MacDonald:** At page 7-34 there is a table of grants covered under the "Economic and Technical Assistance" entry under "Grants". It refers to the continuing authority established by the Appropriation Act of 1965. It also shows the balance in this account at the latest date that we can show it. As at December 31, 1974 it was \$113 million. That is essentially a number somewhat like \$100 million being carried over from previous authorities in that account.

**Senator Grosart:** So their authority to exempt themselves from the Financial Administration Act is merely an Appropriation Act—the supplementary appropriation Act of 1965?

**Mr. MacDonald:** That is correct.

**Senator Grosart:** Is it not about time it was regularized?

**Mr. MacDonald:** No. There is at this stage, as you may be aware, no act for CIDA.

**Senator Grosart:** It seems to be carrying on in what otherwise would be a serious contravention of the Financial Administration Act, under the authority of the supplementary Appropriation Act of 1965.

**Mr. MacDonald:** I think senator, I would have to ask that that be referred to the minister responsible.

**Senator Grosart:** it is more than an accounting. It is policy to allow this kind of thing to be carried on for 10 years.

**Mr. MacDonald:** As you may be aware, the number of instances of these non-lapsing authorities has been considerably reduced in the past few years.

**Senator Grosart:** Considerably reduced?

**Mr. MacDonald:** Yes.

**Senator Grosart:** Give us an indication of how and where?

**Mr. MacDonald:** There used to be the one which caused the most concern, which was the reserve which was established for the payment of retroactive salary costs.

**Senator Grosart:** That was the Treasury Board contingency?

**Mr. MacDonald:** Yes. There was the lower inventories in connection with the wheat fund which existed. That has been eliminated. In general we have eliminated the non-lapsing authority associated with loan votes of various kinds. In these particular estimates there is only one such loan vote. This has been a gradual process that we have worked on with departments.

There is a particular problem, however. Regardless of the legislative basis for it, there is a particular problem with the grants for CIDA—that they do need a non-lapsing authority because of this covenant we have to provide money at a certain rate, and there has been difficulty in spending it. This is really a hard case to deal with.

**Senator Grosart:** I appreciate the fact that they cannot be expected to spend the money in the same year, because of problems of finding the most useful opportunities from the point of view of recipients of those funds.

Perhaps, Mr. Chairman, you would like to consider whether this should be regularized in terms in which we discussed this kind of thing before.

**The Chairman:** I shall do that, senator. Thank you.

**Senator Manning:** Page 7-14: Major Capital Projects. I notice there is provision for the construction of six chanceries. A couple of those are quite large items—in Moscow, \$8,300,000; in Washington, \$20 million. I thought that in most of these places we have had representation for a long time. What is the reason for needing six chanceries?

**Mr. MacDonald:** In some cases we have been renting premises. Approval has been given to a long-term capital program for the Department of External Affairs to buy or/and build because rents, in an inflationary situation, are going up enormously. Since we are located in large cities where one can hardly ever expect that the benefits of ownership over the cost of rental would not be in our favour, this is an attempt over the years to acquire our own premises rather than rent them.

**Senator Manning:** What weight do you give to those countries where a revolution might take over the country and we lose the property?

**Mr. MacDonald:** I do not know, senator, whether that has ever figured in our calculations.

**The Chairman:** We come now to Finance. In respect of the carrying costs of the public debt, I gave the committee a calculation, based on Mr. MacDonald's figure of an increase of \$450 million, which would work out to about four-tenths of one per cent. Actually it would be eight-tenths of one per cent. If we use the figure that is in the booklet "How Your Tax Dollar is Spent," which is \$650 million, it would be 1.2 per cent increase in the carrying cost.



**Senator Manning:** In that calculation, what part is represented by short-term treasury bills, where you have widely fluctuating interest rates on 30 and 90 days, in a 60-day month? I do not know how you would relate those interest rates to an overall average.

**Mr. MacDonald:** I am afraid I could not answer that question. At the end of the year there is a display in the Public Accounts of whatever happens to be the nature of the then outstanding debt. In most years we have some type of adjustment through supplementary estimates on public debt charges, either up or down, which would be, in part, I assume, a reflection of this fluctuation or failure to forecast it accurately.

**Senator Manning:** When you speak of the average interest rate, does that take into account treasury bills?

**Mr. MacDonald:** The total debt.

**The Chairman:** Short and long term?

**Mr. MacDonald:** Yes.

**The Chairman:** Are there any further questions on Finance?

**Senator Grosart:** Mr. Chairman, I wonder if I could revert to the question asked about the existing authorities based on supplementary appropriation acts.

I wonder whether it would be too onerous a task, Mr. MacDonald, to break out for us the total number of spending authorities contained in the estimates still based on supplementary appropriation acts more than five years old.

**Mr. MacDonald:** Do you mean the non-lapsing authorities?

**Senator Grosart:** No, not just non-lapsing authorities, but the total number of authorities for spending based on supplementary appropriation acts, where the supplementary appropriation act is the only authority for the spending, more than five years old.

**Mr. MacDonald:** I believe the only one, senator, is the one to which we are referring. In the Public Accounts there is a schedule of the undisbursed balances of appropriations to special accounts, including those which are provided for in special legislation, such as the National Library of Canada Purchasing Account, the Railway Grade Crossing Fund, and the National Capital Fund. Those are all contained in specific legislation. The only item in that list which relies on an appropriation act is the one for the international Assistance Account.

**Senator Grosart:** I was not referring only to undisbursed balances, but to all authorities for expenditures where the whole authority is a supplementary appropriation act at least five years old, and where the authority has not been consolidated into the statute.

**Mr. MacDonald:** If it were a continuing authority, senator, there would have to be an undisbursed balance for it, and it would be so reflected.

**Senator Grosart:** There are other authorities for programs—

**Mr. MacDonald:** There are many authorities in these estimates for programs, but they are not of a non-lapsing nature.

**Senator Grosart:** I am not confining my request for this list to the non-lapsing authorities or undisbursed balances. I am asking for a list of every expenditure authority that is based only on a supplementary appropriation act more than five years old and which has not been consolidated in the statute.

**Mr. MacDonald:** And continuing into this current year?

**Senator Grosart:** Yes.

**Mr. MacDonald:** I would have to look at the nature of the problem.

**The Chairman:** Perhaps you and Mr. MacDonald could get together to discuss it, Senator Grosart.

**Senator Grosart:** I think Mr. MacDonald knows what I am after. I think it is a very important question. We have raised this matter on other occasions.

**The Chairman:** I think it is a most interesting question. Perhaps you could contact Mr. MacDonald and define the terms more precisely.

**Mr. MacDonald:** I think I know what Senator Grosart is after, Mr. Chairman.

**The Chairman:** Fine.

**Next: Governor General and Lieutenant Governors.** ... If there are no questions on that, we will move to Indian Affairs and Northern Development. Honourable senators will be aware of the question asked by Senator Grosart on supplementary estimates (D) as to direct expenditures by the government on Indians. We have now had a reply to that.

**Senator Grosart:** I should thank Mr. MacDonald for it. It was most interesting.

**The Chairman:** It is a most interesting return, and I am sure all honourable senators have referred to it. If I am not mistaken, the total of direct expenditures was approximately \$700 million.

**Senator Manning:** Mr. Chairman, in the case of land settlements for Indian and Eskimo people in the North, do those settlements come within this department?

**Mr. MacDonald:** They would, senator, but there is none as yet.

**Senator Manning:** There is a number under negotiation?

**Mr. MacDonald:** There is no provision in these estimates for payments under those settlements at this stage.

**Senator Manning:** Have any major settlements of this kind been made to date?

**Mr. MacDonald:** The federal government is involved in the settlement with respect to the James Bay area. That, I believe, is the only major one that has been negotiated to date.

**Senator Manning:** Would those expenditures come within this department?

**Mr. MacDonald:** Yes.

**Senator Grosart:** Mr. Chairman, may I revert to Finance? You are going a little faster than I am. At page 8-36, specifically the expenses of the Auditor General's office, I see the budget is up a little more than \$1 million.

This may not be a proper question for Mr. MacDonald, and if he so decides, I will understand.

In view of the fact that the Auditor General in the past has complained that he has not been able to get enough money to do the job, is the amount now allocated relatively close to the request of the Auditor General for more funds?

**Mr. MacDonald:** I think it is fair to say that in the last four or five years, senator, during the term of the present Auditor General and the previous Auditor General, Treasury Board has always recommended to the government the inclusion of all the money requested and all the man-years requested, and Parliament has provided all the money and all the man-years requested.

**Senator Grosart:** All the money requested by the Auditor General?

**Mr. MacDonald:** Yes, that is correct.

**The Chairman:** While we are on the Auditor General, in a recent televised discussion between the former Auditor General and the present president of Air Canada, the former Auditor General made the astonishing remark that shareholders' equity included debt. It is clear that he was woefully wrong in respect of any definition of shareholders' equity, and it perturbed me greatly that we had an ex-Auditor General who clearly did not know how to read a business financial statement. He did make the point that in respect of government estimates debt was part of shareholders' equity. Was he correct in that statement?

**Mr. MacDonald:** I am not sure I understand precisely what he meant.

**The Chairman:** He was making the point, as I understand it, that there is an advance to Air Canada in the form of an interest-bearing debt, and the discussion between the president of Air Canada and the former Auditor General was that if the debt could be reduced and the equity input increased, the leverage would be reduced and Air Canada would show a better performance. The former Auditor General asked the president of Air Canada for the amount of shareholders' equity involved, and the president of Air Canada replied. The former Auditor General then said that it included the interest-bearing debt. However, in reading a business financial statement, it is clear that it does not include the debt. He said that in government accounting, interest-bearing debt was part of shareholders' equity, on the basis that the government itself, through the CNR, owns the shares. I was astonished to hear him say that, and I am wondering whether that is the way government accounting works.

**Mr. MacDonald:** I am not familiar with the particular financial arrangements with Air Canada, but it sounds unlikely. I will look into it and let you know.

**The Chairman:** Thank you.

If there are no further questions on Indian Affairs and Northern Development, we will move to Industry, Trade and Commerce.—If there are no questions, we will move to Justice. Are there any questions on Justice?

**Senator Grosart:** No.

**The Chairman:** Next, Labour.

**Senator Grosart:** Mr. Chairman, at page 13-22, the Expositions Revolving Fund. Again, I thank Mr. MacDonald for

providing us with an answer to the question we asked previously.

**The Chairman:** Honourable senators have had the information in the return.

**Senator Grosart:** Yes. It was most interesting, because it does indicate these amounts are not the total costs of running these expositions, but rather the federal share of the costs; that is, if you like, the deficit as far as the federal government is concerned after having received payments from its clients. Is that correct, Mr. MacDonald?

**Mr. MacDonald:** That is correct, the clients being, in some cases, other government departments.

**Senator Grosart:** Yes, mostly provinces. They provided for an increase and, presumably, they are estimating that they will not have a deficit on this account this year.

**Mr. MacDonald:** I see they are showing a balance. I do not know what the current state of the account is, but they are showing no deficit.

**The Chairman:** Are there any further questions on Labour? If not, we will move to Manpower and Immigration.

**Senator Carter:** I refer to page 14-8, votes 5 and 10; one is operating expenditures, and the other is contributions and payments. Both items refer to contracts with provinces. Do you have separate contracts with provinces for operating expenses as distinct from payments for services?

**Mr. MacDonald:** We pay for administrative support as well as for the actual cost of the training days.

**The Chairman:** But you only have one contract with each province.

**Senator Carter:** You have only one contract, do you?

**Mr. MacDonald:** Yes. Vote 10 is payments to municipalities and other public bodies; vote 5 is payments to a province and covers all provincial expenditures.

**Senator Carter:** So to get the cost of manpower utilization you have to add both these votes?

**Mr. MacDonald:** The total cost of this program? I think we are proposing a new vote structure for this program for the 1976-77 estimates, because it is a somewhat confusing vote structure.

**The Chairman:** Would not vote 10 include things like LIP grants?

**Mr. MacDonald:** Yes.

**The Chairman:** Not the grant but the administration?

**Mr. MacDonald:** The administration would in all cases be in vote 5. LIP grants, the grants to trainees, these various special programs such as Outreach, any type of grant they have, would appear in vote 10.

**Senator Carter:** Do you have contracts with all provinces now for the current fiscal year?

**Mr. MacDonald:** I would be surprised if that were not the case, but I could not swear to it.

**Senator Carter:** These contracts last only one year and have to be renewed every year?



**Mr. MacDonald:** I understand they are renewed each year.

**The Chairman:** I believe, senator, you have copies of the Quebec, Ontario and British Columbia contracts in your file for detailed examination.

**Senator Manning:** On page 14-2, item 14-34, there is the Unemployment Insurance Account. There is an item of \$864 million, which I assume is the government subsidy to the fund. Are there any indications at this point in the present fiscal year as to what the position of this fund will be by the end of the year, in view of the increased unemployment and greater demands on the fund?

**Mr. MacDonald:** I do not have the figures, but since the government is responsible for the costs associated with unemployment above 4 per cent, and also for periods of extended unemployment, the only expectation is a very much higher amount.

**Senator Manning:** Than this amount here?

**Mr. MacDonald:** Yes.

**The Chairman:** I think I am correct in saying that now there is no fund.

**Senator Manning:** It is being carried entirely?

**The Chairman:** It is carried entirely by the contributions.

**Mr. MacDonald:** Oh no, there is a special account.

**The Chairman:** Is there still a special account?

**Mr. MacDonald:** Yes, there is an account into which the segregated contributions of the employee and employer are paid. The government will in the course of a year, if that account lacks money to meet its obligations, make advances to the account.

**The Chairman:** What, then, is the change? There was a change in the method of handling.

**Mr. MacDonald:** There have been a number of changes. At one stage I believe the fund did buy securities independently. Now it is just in consolidated revenue; it is an account in the accounts of Canada with the money deposited in consolidated revenue, the interest being paid by the government on balances. The other change is that the administrative costs of the program are charged to that account, whereas they used to be met out of the appropriations.

**Senator Manning:** Then it is safe to assume that we will have to anticipate a substantial supplementary estimate on this.

**Mr. MacDonald:** No, because under the act the amount is paid in arrears. This amount is with respect to the government's contribution for the calendar year 1974. At this time, under authority of the act the Minister of Finance may make advances to it.

**Senator Manning:** That figure simply appears next year?

**Mr. MacDonald:** Yes, that is right.

**The Chairman:** If there is still a fund, how much money is still in the fund?

**Mr. MacDonald:** I think a statement appears from time to time that we could get the figures from.

**Senator Carter:** I should like to go back to page 14-8. Perhaps this is not a question Mr. MacDonald should answer. We have asked about contracts, and some time ago a witness appearing before our committee referred particularly to the contract with Ontario. He implied that we were not getting very much value, because the contract was in many ways different from others and placed the funds totally at the discretion of the provincial government, which used it for provincial purposes rather than the objective for which the federal funds was intended. Are you aware of that? Is Treasury Board looking into that?

**Mr. MacDonald:** I am not familiar with that particular detail of the program. If this is being done, presumably it is pursuant to whatever legislative authority the minister has, and Treasury Board would in most circumstances not become involved.

**Senator Carter:** Treasury Board would not be involved?

**Mr. MacDonald:** You are talking about a particular set of contractual arrangements?

**Senator Carter:** I am talking about the contract with the Department of Manpower and Immigration.

**Mr. MacDonald:** I appreciate that.

**The Chairman:** Are you talking about the training agreement?

**Senator Carter:** Yes, with the Province of Ontario. The provincial government has set up a special procedure to handle these grants, which gives the province an opportunity to use the grants for provincial purposes, to keep in operation certain institutions that probably would not survive without these grants, rather than utilizing the expenditures to get the best value for the dollar to effect the purpose for which the grant is made available by the federal government.

**The Chairman:** I think the point being made is that in the operation of these agreements—the witness was talking especially about the Ontario agreement—the province agrees to provide so many training days. He made the point that certain institutions used in the provision of these training days are not very efficient, and there are no sort of cost efficiency criteria used by either the department or Treasury Board to ensure that the federal government is getting the best possible mileage for its dollar from its expenditure on training.

**Mr. MacDonald:** I suppose the problem would be that we are dealing with provincial educational institutions in a field that is admitted to be a provincial responsibility. There is a limit to the extent to which the federal government can regulate educational enterprises, or say whether or not the province will operate a particular enterprise and how it will operate it. The negotiating ability is all they have to apply.

**Senator Carter:** With the other provinces the federal government is free to deal directly with the institution involved and purchase the service from that institution, so it can select the kind of institution best suited to provide the particular service they want. The Ontario contract precludes the federal government from dealing directly



with the institution, and in that respect it is different from the other provinces; they have to deal indirectly, at arm's length, through the Ontario provincial government. The provincial government selects the institution, and very often the best institution to provide the service is not used at all; the grant goes to some other institution, not on the basis of the service required or the ability to provide the service, but on the basis of the needs of the institution to survive.

Surely this is something worth taking a look at. If we can make this kind of deal with other provinces, why should we not insist on having the same kind of deal with Ontario?

**The Chairman:** That is a matter of policy. It is difficult for Mr. MacDonald to comment on that. You have brought the point forward. I am sure he will take it forward to the minister. In our final report on the Manpower Division we will consider that item, obviously.

Are there any further questions on that point or on Manpower and Immigration?

**Senator Barrow:** Mr. Chairman, on page 14-14 what is the reason for the large drop from \$79 million to \$29 million under payments to municipal and other public bodies?

**Mr. MacDonald:** Under the LIP program the \$79 million refers to expenditures in the year 1974-75, while the \$29 million refers to the provision for expenditures in this year. Both of those figures refer to the winter program of 1974-75, the \$79 million being spent up to March 31, and the \$29 million being provided for carry-over. The provision for the Local Initiatives Program for 1975-76 is not in these estimates; it is always provided in the supplementary estimates.

**The Chairman:** National Defence.

**Senator Manning:** Mr. Chairman, on page 15-14 I think the committee should note that under "Military Personnel" the breakdown, at least in my judgment, is pretty disturbing. Just doing a rough calculation, it would seem that out of 77,400 personnel, there are something like 12,000 commissioned officers and 48,000 non-commissioned officers, which leaves about 17,400 privates in an army of 77,000 soldiers. It seems to me that the ratio of officers, both non-commissioned and commissioned, to men is utterly indefensible.

**Mr. MacDonald:** To see whether that is unusual or not, senator, we would have to look at the ratios in other armed forces.

**Senator Manning:** Even at the rank of major there are 2,461, which means that there would be a major to every seven privates. When you get down to corporals you have nearly twice as many corporals as you have privates. There are less than two men to each sergeant.

**Mr. MacDonald:** I believe a lot of these are in recognition of trades. Almost any trade rank carries with it the position of corporal or sergeant. It does not indicate so much a supervisory position as a trade.

**Senator Manning:** I am not quarrelling with the emphasis on that aspect of our military structure, but when you consider that the army is a military force, it is a fighting force and not a trade school.

**Mr. MacDonald:** When I was in the air force the lowest rank in the air crew I was in was warrant officer, so it was the same situation then.

**Senator Grosart:** Mr. Chairman, this is not at all unusual in a peace-time army. I have made comparisons myself with other armies. It is quite normal, for the simple reason that there are automatic increments in rank from private to corporal. The corporal is not a corporal in the war-time sense; it is just a matter of pay: he is in the force so long, and then he becomes a corporal.

On the other hand, the higher ranks, the control ranks, must be raised to their highest level of efficiency in peace time, because it is much easier to build the lower ranks in times of emergencies. I have looked at the figures for other armies, and we are not out of line.

**The Chairman:** Are there any further questions on National Defence?

We will now go on to National Health and Welfare.

**Senator Grosart:** Mr. Chairman, on page 16-4 there is a table showing the payments out of the Old Age Security Fund. There is an increase provided for here in the expenditures out of the Old Age Security Fund. Coincidentally—or not coincidentally—the figure provided is almost identical to the figure for last year's deficit—that is, the net expenditure. Is the purpose of the increase to put this fund in balance?

**Mr. MacDonald:** This is not a provision for payment.

**Senator Grosart:** It is the estimated expenditures.

**Mr. MacDonald:** Yes. The actual receipts of the old age security account from its designated revenue will not be sufficient by a wide margin to allow for payments of \$3,969 million. There will be another deficit this year.

**Senator Grosart:** So this is merely for information; it has nothing to do with the global figure?

**Mr. MacDonald:** That is right.

**Senator Grosart:** It is really a warning that the expenditures out of the fund are going to go up half a billion dollars.

**Mr. MacDonald:** That is right.

**Senator Grosart:** Is there any matching estimate of the income of that fund for that period?

**Mr. MacDonald:** There probably is.

**Senator Grosart:** Are we going to have a larger deficit than half a billion dollars next year or in the current year?

**Mr. MacDonald:** There is a trend for the deficit to grow. This will be the third year in a row in which there has been a deficit. Last year's was higher than the previous year. I would expect that the deficit of roughly \$400 million of last year will be exceeded by the deficit for this year.

**Senator Grosart:** Would it be too much to ask for a projection of the back figures of this fund to show the point at which it ceased to be actuarial, in the usual sense of the word?

**Mr. MacDonald:** We can find the point.

**Senator Grosart:** There might also be projections as to the point at which the fund might again come into balance.

**Mr. MacDonald:** There is no expectation of that, because the factor which has changed is escalation. You would have to amend the Old Age Security Act to increase the rates of the portions of personal income tax, sales tax and corporation tax paid into the account. There is no expectation of its ever again being in balance.

**Senator Grosart:** That is alarming. I thought perhaps with age changes and so on it might come back into balance; but, then, I suppose age changes go the wrong way.

**Mr. MacDonald:** That is right.

**Senator Grosart:** The tendency is to greater longevity.

**Mr. MacDonald:** Yes.

**Senator Grosart:** With the sales tax rising, it is not expected that the income from the general increase in GNP, which will be reflected in sales tax, will in the foreseeable future ever put this fund into balance?

**Mr. MacDonald:** No, sir. That is why the government has announced that it is its intention to amend the Old Age Security Act to get rid of the special account, so that presumably, in the 1976-1977 estimates there should be a statutory item like the one for family allowances for the payment of old age security, and no attribution of any particular portion of revenue to a particular account.

**Senator Grosart:** So in the supplementary estimates this year we can expect an item to take care of that?

**Mr. MacDonald:** Either that, or when the bill is passed it will have a transitional provision, or something of this nature.

**The Chairman:** Are there any other questions on National Health and Welfare?

**Senator Carter:** On page 16-16, under the heading of "Contributions to the provinces pursuant to the Medical Care Act," that figure has gone up by \$100 million. On what basis has that gone up? On the basis of increased population?

**Mr. MacDonald:** Increased cost. You would be aware of the rather large salary settlements that have taken place in the medical industry in the way of medical fees, and an increase in service as well.

**Senator Carter:** When you come to the next item, down below, "Health Manpower", there is no increase in that; you have just made the same allocation as you did the previous year.

**Mr. MacDonald:** This is a training program that has been at an agreed level for some time.

**Senator Carter:** But the costs have gone up there too, have they not?

**Mr. MacDonald:** That is correct, but with regard to the nature of this particular program, the federal government has been making these payments for many years, and it is at a fixed level over a very, very long period. It was set precisely at that amount. As under the previous arrangement, we have an agreement to pay 50 per cent of the operating costs under Medicare and hospital care, and that is the nature of that agreement. This other agreement is in the nature of a fixed amount per year.

**Senator Carter:** Are there any provinces that do not use up their allocation?

**Mr. MacDonald:** From the Medicare program?

**Senator Carter:** From the health manpower allocation.

**Mr. MacDonald:** Well, as you see here, there is an expenditure forecast for every province in the previous year. I would be surprised if it were not the case. There is an overestimate deliberately built in, in case the provinces do not pick up their full equity. There is an overestimate of more than \$90,000 built in.

**The Chairman:** National Revenue? . . . Parliament?

**Senator Grosart:** Don't ask—we might have some shocks!

**The Chairman:** Post Office? Privy Council? Public Works?

**Senator Carter:** With regard to Public Works, has this not become merely a housekeeping department now for the government services—management, maintenance, and so on?

**Mr. MacDonald:** Well, it has its own capital program. It is, for instance, the builder of the government buildings that you see being constructed here in Ottawa. I am not too sure, Senator, that I appreciate the distinction you are making.

**Senator Carter:** Well, it provides space and accommodation, mainly, now, in government property, does it not?

**Mr. MacDonald:** Yes.

**Senator Carter:** At one time it used to initiate programs—dredging programs, harbour improvement programs, public buildings, and so on. They do not do that any more, do they?

**Senator Grosart:** Of course they do.

**Mr. MacDonald:** Yes, they do.

**Senator Carter:** Do they build public buildings now?

**Mr. MacDonald:** Yes.

**Senator Carter:** But only at the request of a certain department.

**Mr. MacDonald:** No, they attempt to look ahead regarding space requirements. There are particular buildings, such as the External Affairs building, built for specific purposes, but there would be at the same time general purpose buildings that they would build in the expectation of a client need, to house more than one department.

**Senator Carter:** That is news to me. I thought there was a transformation or re-organization, or something, that took place, whereby they would initiate no buildings as the Department of Public Works, but only at the request of a particular department concerned. If the Post Office, for instance, wanted a post office building in a certain place, then they would ask Public Works to do it. The Post Office would make the decision, not the Department of Public Works.

**Senator Grosart:** They always did.

**Mr. MacDonald:** In their major capital projects, at page 21-22, they show general purpose buildings on the first



page, all across the country, and then, single-purpose buildings, so that it is fairly typical, for instance, in a large city in Canada, other than Ottawa, that the federal government would build a building to house all or most of the federal government departments in that area. You will notice that some of the buildings in Ottawa are constructed before a tenant is known. Referring, for instance, to that large building going up at the corner of Bank and Sparks Streets, it is just called, "Government of Canada Building No. 5." When it was started, no particular client had been identified. I do not know if a client has yet been identified.

**The Chairman:** Regional Economic Expansion. Science and Technology.

**Senator Carter:** Yes. I would like to ask a few questions on page 23-8, I think it is. The total in the upper half of the page has gone down, as compared to the previous year. What is happening in Science and Technology? The Senate Committee on Science Policy recommended a re-organization. One of the things we recommended, among others, was that there be a science and technology budget included here so that we could know just how much is actually being spent on science and technology and also research and development; but this is still spread out among all the departments, apparently.

**Mr. MacDonald:** There is, senator, in "How Your Tax Dollar is Spent" a display on science expenditures. We in the Treasury Board Secretariat establish, at the time of the program forecast exercise and at the time of the main estimates exercise, an office for representatives of the Ministry of State for Science and Technology in order that they can compile the data on expenditures on science. We also look to them for advice on particular science proposals from departments.

**Senator Grosart:** Not only that, but there is, and has been for the last four years, a publication issued that is almost a complete answer to the Senate committee's request. It comes out at the time of the estimates. It is the budget that has been visible from Treasury Board and then, when the items are included in the estimates, they are included in this also. It is a 40- or 50-page booklet which, incidentally, is the most complete when compared with that of any other nation in the world.

**Mr. MacDonald:** There is, beginning at page 27 and continuing through a chart on page 28 and on to page 29, a discussion of science expenditures and a display of what has happened over the years according to whether it has involved Canadian universities, Canadian industry, the federal government or other.

**Senator Grosart:** That is how it is broken down in the publication, by departments. It is very complete.

**Senator Carter:** Is our increase in R & D keeping pace with our requirements? I do not see any spectacular increases anywhere in this. Are we just keeping up with inflation on this, or are we improving our position compared to other countries? It was not too good.

**Mr. MacDonald:** I am not too sure about that. I think you would have to look to the ministry itself to evaluate that.

**The Chairman:** Would you like an evaluation?

**Senator Grosart:** This is all covered in the publication I was talking about.

**Senator Carter:** Well, if it is already available, then that would be all right.

**Senator Grosart:** It is available by performance, by funding and by discipline.

**The Chairman:** Any further questions?

Secretary of State.

**Senator Langlois:** On page 24-54—CBC—there is an increase of \$54 million. Can you account for that, Mr. MacDonald?

**Mr. MacDonald:** The \$54 million would be in the operating costs for the CBC. Like a department, it faces salary-settlement costs and I think that would probably be a major item. There is also increased expenditures having to do with extension of coverage, new facilities, improvements in programming and some requirements for the Olympics in 1976, as well as for northern services requirements. It is extended throughout the corporation's operations. There is no particular item.

**Senator Langlois:** It has nothing to do with the dropping of commercials?

**Mr. MacDonald:** There is a proposal for dropping of commercials for children's advertising, but no funds have been provided at this point.

**The Chairman:** Further questions? Solicitor General.—Supply and Services.—Transport.

**Senator Grosart:** Page 27-66, Mr. Chairman, Canadian National Railways. May I thank Mr. MacDonald for the return he gave us on Advances, Loans and Investments? Here we have a case in which vote L65 is an advance, the other two votes, L70 and L75, being described as loans. What is the difference in nature between the \$9 million, \$66 million and \$135 million?

**Mr. MacDonald:** I understand that with respect to the item covered in the \$9 million—I would have to verify this—we are going to become a shareholder in a stretch of railway, a co-shareholder with the British Columbia Railway, and at this particular stage the CNR is acting as our agent in the construction. This is part of the arrangements which were discussed at the Western Economic Opportunities Conference.

**Senator Langlois:** It is an investment, then?

**Senator Grosart:** At the moment it is an advance to the CNR.

**Mr. MacDonald:** It is an advance to the CNR for capital purposes. Actually, the CNR will be engaged in the construction of railway lines in British Columbia, as the vote indicates, and we, I believe, will acquire some type of equity in that particular stretch of railway—that is, not the CNR, but the government directly.

**Senator Grosart:** So it will not be a loan, in the sense that there will be expectation of repayment; the expectation is that it will become a property.

**Mr. MacDonald:** No, it is not a loan in that sense.

**Senator Grosart:** Is vote L70 a new loan?

**Mr. MacDonald:** Both of them are in a sense new. There used to be regularly the Financing and Guarantee Act Under which all the loans were authorized. No Financing



and Guarantee Act was introduced last year, so that neither the investment in preferred stock, as provided in vote L70, nor the loans for capital purposes, as provided in vote L75, is new in a real sense. However, for the purposes of the estimates authority in this case is being sought under the appropriation acts.

**Senator Grosart:** Is this an expense that would have been incurred anyway as a loan?

**Mr. MacDonald:** It would have been incurred in former years under the Financing and Guarantee Act.

**Senator Grosart:** Vote L75?

**Mr. MacDonald:** The same thing applies.

**Senator Grosart:** Yes, it is really just a bookkeeping entry?

**Mr. MacDonald:** Yes, and until and if the government reverts to the Financing and Guarantee Act, you can expect it to appear in estimates.

**Senator Barrow:** You do not at this time provide anything for the estimated deficit of the Canadian National Railways for the current year?

**Mr. MacDonald:** That is usually handled as an item of supplementary estimates.

**The Chairman:** Are there further questions?  
Treasury Board.

**Senator Grosart:** Page 28-10, vote 10. This would appear to be an extraordinary use of the Treasury Board's Contingency Fund.

**Mr. MacDonald:** That is the student summer employment program.

**Senator Grosart:** Yes, you are providing for this out of the Contingency Fund. Why is this not a departmental estimate?

**Mr. MacDonald:** You will appreciate the fact that the estimates are compiled in October and November and pretty well tied down in December. The government prefers to wait until it can see the nature of the employment situation for students during the summer. In fact, the student summer employment for this year, the nature of the program and the distribution as between Opportunities for Youth and particular departmental programs, such as militia training and so forth, was not decided until April. This is referred to as "Government Contingencies and Centrally Financed Programs." It is identified as such. It is the government saying, "We have a particular program, and we want to use the attributes of various departments as they are appropriate to deal with this program." The planning will be delayed until there can be better information on which to base the requirement. So there will be supplementary estimates on this to expand Opportunities for Youth because of the rather worsened outlook for unemployment.

**Senator Grosart:** The assumption is that if they give the money to the department, they will spend it whether they need it or not.

**Mr. MacDonald:** No, senator. We could arrange to hold it in a separate allotment under the Financial Administration Act.

**Senator Grosart:** There is a little of the same thinking in the contingency fund provided for possible escalation of Public service salaries. The government did not want to tip its hand on that, and presumably the government does not want to tip its hand on its estimate of the unemployment problem this summer.

**The Chairman:** I suppose, in a way, it does centralize the expenditure—

**Senator Grosart:** I am not objecting to it, because it is a good thing.

**The Chairman:** —in the way Senator Yuzyk was concerned about multiculturalism.

**Mr. MacDonald:** In that sense, it does.

**The Chairman:** Are there any further questions on Treasury Board?

We come now to Urban Affairs.

**Senator Carter:** Regarding the announcement made by the Minister of State for Urban Affairs about incentives for individual housing; is that covered in here or will that be in a supplementary?

**Mr. MacDonald:** I think there will be supplementaries to deal with that, yes. Are you referring to the \$500 program, the first-time home owner buyer?

**Senator Carter:** Yes.

**Mr. MacDonald:** That is in here.

**Senator Carter:** And the subsidy of loans, to 22 per cent of income?

**Mr. MacDonald:** There are various aspects of those programs in the vote, at page 29-8. There have been enrichments of those programs subsequently. Some of that will appear in supplementary estimates, and some of it is here.

**The Chairman:** We come now to Veterans Affairs. Senator Barrow, you had a question earlier on this specific matter.

**Senator Barrow:** I had it answered, Mr. Chairman.

**The Chairman:** Are there any further questions?

**Senator Carter:** I would like to come back to Fisheries. I have a general question. We contribute to certain loan boards—for fishermen, and other types of boards. In other words, we are financing the loan board up to 50 per cent, but the money is largely under the control of the provinces. Does Treasury Board have any way of looking into what is happening to that money—because, if you take the Fisheries Loan Board, for example, the money is allocated to help fishermen have fishing boats built.

**Mr. MacDonald:** We do not contribute to the loan board; we contribute to the ship building subsidy shares.

**Senator Carter:** Do we have any check to see that the money is used for that? Some provinces do not use the money; instead of using the money for the benefit of fishermen, they use it for the benefit of shipyards.

**Mr. MacDonald:** The individual subsidies come to the department here in Ottawa—to the Department of the Environment.

**Senator Carter:** As I understand it, our Fisheries Department, from which we allocate the money to the loan board, does not control it any longer. We do not control it any longer; it comes under the control of the provincial authorities.

**Mr. MacDonald:** As I understand it, senator, the actual proposal for subsidy comes with the recommendation of the provinces to the department, where they would have the opportunity of exercising control. Whether they do or not is something I cannot answer.

**Senator Carter:** That is not always the case, because I know of cases where the provincial loan board has refused a loan to a fisherman unless he has his boat built in a certain place and in a certain yard.

**Mr. MacDonald:** I do not say that the program is subject to provincial pressures as well. The money is not, as it were, turned over to the provinces without any qualification whatsoever and then left with them. I am quite sure that in any scheme or program in which the federal government cooperates with a province there has to be recognition of provincial as well as federal interests.

**Senator Carter:** But if the fisherman can get a boat in one yard for \$250,000 and the loan board tells him he must buy it from another yard at \$300,000, the fisherman is \$50,000 worse off, and the federal money is not being used to benefit him, but more for the benefit of the shipyard, which is not its intended purpose. I am just wondering whether you have any way of checking into that.

**Mr. MacDonald:** As I understand it, that particular decision is left to the provinces. The size of the program, the hoped-for benefits, and so forth, are all matters which Treasury Board would be interested in; but as to the distribution of the work within the provinces in question, that would be a provincial matter.

**The Chairman:** Are there any further questions?

Shall I report the estimates, subject to our detailed examination of the Manpower Division of the Department of Manpower and Immigration?

**Hon. Senators:** Agreed.

The committee adjourned.





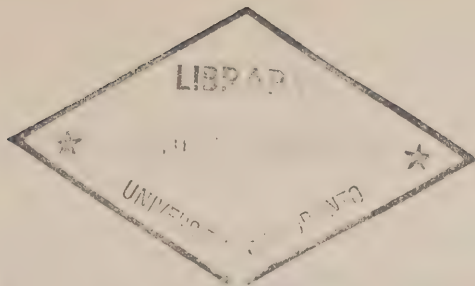












Government  
Publications

FIRST SESSION—THIRTIETH PARLIAMENT

1974-75

# THE SENATE OF CANADA

PROCEEDINGS OF THE

STANDING SENATE COMMITTEE ON

## NATIONAL FINANCE

The Honourable DOUGLAS D. EVERETT, *Chairman*  
The Honourable HERBERT O. SPARROW, *Deputy Chairman*

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Issue No. 20

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THURSDAY, MAY 15, 1975

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### Fifteenth Proceedings

The examination of the Estimates of the Manpower Division of  
the Department of Manpower and Immigration for the fiscal  
year ending the 31st of March, 1975

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(Witnesses: See Minutes of Proceedings)

STANDING SENATE COMMITTEE ON NATIONAL  
FINANCE

The Honourable D. D. Everett, *Chairman*;

The Honourable Herbert O. Sparrow, *Deputy  
Chairman*.

The Honourable Senators:

Barrow, A. I.	Hicks, Henry D.
Benidickson, W. M.	Langlois, L.
Carter, C. W.	Manning, Ernest
Côté, J. P.	Neiman, Joan
Croll, David A.	O'Leary, M. Grattan
Desruisseaux, P.	*Perrault, R. J.
Everett, D. D.	Prowse, J. Harper
*Flynn, Jacques	Rochichaud, L. J.
Giguère, Louis de G.	Sparrow, H. O.
Graham, B. Alasdair	Welch, F. C.
Grosart, Allister	Yuzyk, P.—(20)

\**Ex officio* member

(Quorum 5)



# Order of Reference

Extract from the Minutes of the Proceedings of the Senate, December 17, 1974:

Pursuant to the Order of the Day, the Senate resumed the debate on the motion of the Honourable Senator Everett, seconded by the Honourable Senator Cook:

That the Standing Senate Committee on National Finance be authorized to examine in detail and report upon the Estimates of the Manpower Division of the Department of Manpower and Immigration for the fiscal year ending the 31st March, 1975.

After debate, and—

The question being put on the motion, it was—  
Resolved in the affirmative.

Robert Fortier,  
*Clerk of the Senate.*

# Minutes of Proceedings

Thursday, May 15, 1975  
(15) ... (20)

Pursuant to adjournment and notice the Standing Senate Committee on National Finance met this day at 9:50 a.m., *IN CAMERA*.

*Present:* The Honourable Senators Everett (*Chairman*), Barrow, Carter, Croll, Prowse and Yuzyk (6).

*Present, but not of the Committee:* The Honourable Senators Pettens and Bourget.

The Committee resumed its examination of the Estimates of the Manpower Division of the Department of Manpower and Immigration for the fiscal year ending 31st March, 1975.

The following witness was heard:

Dr. William R. Dymond  
Deputy Director of the  
Directorate for Social Affairs,  
Manpower and Education of the  
Organization for Economic  
Co-operation and Development (O.E.C.D.)

In attendance: Mr. J. H. M. Cocks, Director of Administration; Mrs. Barbara Reynolds, Research Branch, Library of Parliament; Mrs. Helen Small, Parliamentary Centre.

At 12:00 p.m. the Committee adjourned until 3:30 p.m. May 21st, 1975.

*ATTEST:*

Georges A. Coderre,  
*Clerk of the Committee.*

# The Standing Senate Committee on National Finance

## Evidence

Ottawa, Thursday, May 15, 1975.

The Standing Senate Committee on National Finance met this day at 9.30 a.m. to examine in detail and report upon the estimates of the Manpower Division of the Department of Manpower and Immigration for the fiscal year ending March 31, 1975.

**Senator Douglas D. Everett** (*Chairman*) in the Chair.

**The Chairman:** Honourable senators, we resume our hearings on Canada Manpower, and this is an *in camera* meeting. We are pleased to have with us Dr. William R. Dymond who is currently Deputy Director of the Directorate for Social Affairs, Manpower and Education of the OECD, based in Paris. Dr. Dymond has a long and distinguished career, but I shall not take up too much of your time nor shall I embarrass him by going into it in great detail. Suffice it to say that from 1961 to 1965 Dr. Dymond was Assistant Deputy Minister of Labour, and when the Department of Manpower and Immigration was created in 1966 he became Assistant Deputy Minister in that new department.

In 1970 Dr. Dymond left the Public Service to become Chairman of the Department of Public Administration at the University of Ottawa. In 1970 he was also appointed Chairman of the Ontario Task Force on Industrial Training, and I believe you have in your files a summary of the report of that group. I believe it is called "Training for Ontario's Future". We are very privileged to have Dr. Dymond with us, and I presume he has an opening statement.

**Dr. William R. Dymond, Deputy Director, Directorate for Social Affairs, Manpower and Education, Organization for Economic Cooperation and Development:** Mr. Chairman, honourable senators, thank you very much indeed. I am very honoured to be invited and very pleased to exchange views about what has been a long-term and abiding interest—Canadian manpower policy. I am also very happy to be back in Ottawa in such superb weather and I congratulate you in timing my visit this way.

**The Chairman:** It is hard to compete with Paris in the spring.

**Dr. Dymond:** Well it was a little cool and wet there when I left. What I should like to do to open is to provide a sort of broad-brush treatment of manpower and employment policy generally, and then perhaps finally say a few words about the Ontario Task Force report that you alluded to, Mr. Chairman.

So far as the objectives of manpower policies are concerned, I think that they should grow largely out of the context of the problems and the institutional, economic

and social constraints which govern those policies. I notice in your hearings you have become aware and have discussed the traditional objectives of Canadian manpower policy, growth, stability and equity. I think that mix of objectives is still valid. An important point is that they tend to be interrelated, and that they are mutually supporting rather than independent objectives in the sense that you choose this one, growth, rather than that one, equity.

I like to think of manpower policy in terms of an overall objective that might be expressed somewhat along the following lines—that is the fuller and more efficient utilization of human resources in the economy in ways which will contribute to meeting the aspirations of individuals from economic activity. You will see that the question of meeting the aspirations of individuals has important equity and social dimensions, and the fuller and more efficient utilization of resources has, of course, economic dimensions.

The mix of the traditional objectives should vary through time as the problems change and as the context changes, and in this country with our tremendous diversity of economic and social conditions and attitudes, the mix of objectives varies from locality to locality and from area to area. I believe that the primary emphasis in terms of objectives should be economic—it should be the growth and efficiency objective—for it is from adequate and substantial growth that the social benefits of increasing employment, income and improved living standards flow after all. In other words, you have to meet your economic objectives on a primary basis before you can satisfy the socially and individually humanly oriented objectives. It is important, and I know you appreciate this, Mr. Chairman, from your previous concerns with inflation and economic stability, that the economic context in which manpower policy is implemented and the objectives are developed is a significant dimension of the problem, particularly if you look ahead at the next two or three or four years in this country. As you know, the context is one of high rates of unemployment and high rates of inflation together.

I was reading the testimony of Dr. Raynauld and some of the charts he produced which were very striking. That kind of context for policy, particularly on the inflationary side, sets a very difficult set of constraints for policy development. We face the problem of how to increase employment and to prepare people to take advantage of employment without setting off more serious inflationary pressures than we have now in the economy. That is the crucial or key problem, and given that inflationary constraint, aggregate demand management policy is of limited use as an instrument for increasing employment in an across-the-board sense, largely because of the structure of



unemployment and the structure of our labour market. To be very brief, this is a technical and complex subject, if you expand demand across-the-board you soon run into shortages, and serious ones, of prime age males in skilled trades and occupations in the City of Toronto and do nothing for unemployed youth in Newfoundland. And that becomes a very limited kind of instrument to get an even and balanced expansion of employment opportunities. So this really suggests that policy on the demand side has to be highly selective in character in the kind of inflationary and labour market context we have.

I am not expert on the economic outlook in Canada, but let me say a word about the way it tends to look for the more important OECD countries of which Canada is one. In Canada with an open economy what happens here is very much determined by what is going to happen in the United States, Germany, the United Kingdom and some of the other larger countries. The outlook appears to be for unprecedentedly high unemployment continuing for a while in most of these countries where it is higher by far than it has even been in the post-war period, that it probably has not yet reached its peak, and that there will probably be some upturn of economic activity towards the end of this year. However, unemployment will continue to grow for a while, and here we get into the area of probability, the upturn is likely to be modest rather than the typical cyclical pattern of a rather sharp upturn. I think all of this suggests that policy needs to be directed towards a continuing high period of unemployment for some time.

A related consideration, looking at it from a long term, secular, point of view, is this: as we go through a cycle, we get a peak of unemployment, and then we get a trough of unemployment, and then go through another cycle; and over the past 15 or 20 years each trough of unemployment has tended to be higher than the preceding one. That, I think, is an important policy issue. We therefore have a growing secular unemployment problem, if I can put it that way.

We also have higher youth unemployment rates, probably in a secular sense, higher rates for women, and, I think, an accumulation of competitively disadvantaged people in the labour market, characterized by short spells of employment and rather longer spells of unemployment.

I think it is still useful, just while we are on the question of unemployment, to distinguish between demand efficient unemployment and structural unemployment, provided we do not think, under current circumstances, that the solution to demand efficient unemployment is simple reflation, but is expansionary monetary and fiscal policies. Rather there is a need to attack it by a choice of more selective instruments; although there are conditions under which a modest reflation is appropriate.

What are the array of policy instruments, that are appropriate to deal with the kind of situation that I have laid out, on the supply side of the labour market?—That seems to be the side that Canadian manpower policy, by and large, concentrates on, namely, training, mobility, and gearing the outputs of the educational and training systems in a forward looking sense to the needs of the labour market—these are the principal instruments.

There is, however, a newer dimension that is being discussed in European and OECD circles that is quite

interesting on the supply side as well, and that is what is called the "flexibility of working life". The thought is that perhaps we can achieve some quantitative adjustment on the supply side, by more flexibility of working life, through such measures as recurrent education and earlier retirement, varying the pattern of hours through time, sabbaticals, and elements of that kind, that vary the supply of labour available.

That is not necessarily the main reason for many of those policies. Recurrent education has values and virtues of its own, as does early retirement; but they can also play a role in equilibrating and regulating the labour market.

**The Chairman:** Excuse me, Dr. Dymond. Does that purely mean that it is effective because it pulls people off the labour market?

**Dr. Dymond:** Yes. Sometimes it pulls people out of the labour market, provides room for other people to go in to replace them, or pulls them out during a cyclical downturn.

**The Chairman:** I was going to ask you if it was a concomitant of that policy that it would have to be contra-cyclical in order to be effective?

**Dr. Dymond:** I think the policy can be used in a contra-cyclical way, and it can also be used in a pattern in which—and this is very debatable—the outlook, say, is for, really, an incapacity to generate enough jobs in the long run to meet the needs of everyone who wants one. In those circumstances these mechanisms could create an adjustment, on the supply side, to that situation.

**The Chairman:** So in the short run they would be contra-cyclical, but in the long run they might create a growing short fall.

**Dr. Dymond:** That is right. And also, in this country, immigration policy is an adjustment mechanism on the supply side; and in many European countries, guest worker movements are elements, even more so, of contra-cyclical capacity to adjust on the supply side.

On the demand side, manpower and employment policy, to be really effective, should be balanced, and operate on both sides of the labour market. It is particularly important in this country to operate, on the demand side, because we have probably the fastest labour force growth rate in the world, although I looked at Australian statistics when I was there a year or so ago and they also tend to make the same claim. We have, in any event, a very high labour force growth rate, and this means that we have to run very fast on the demand side of the labour market to keep up with the tremendous growth on the supply side, if we are not to suffer a very high rate of under-utilization of manpower resources.

I underline, that the demand side of policy in this country is of more importance, relatively speaking, than in many other countries. I am not talking only about aggregate policy, but rather, selective employment creation policy and the maintenance of employment, and I underline the maintenance of employment policy, which can direct itself not just to the creation of new jobs, but to the maintenance of existing jobs, in the sense of preventing them from disappearing as a result of the opera-

tion of the cycle in the market, I speak not only about the creation of employment in the public sector, with which we have had experience in this country through the newer programs like LIP and OFY and so on, but the creation of employment in the private sector, through public policy action of a selective sort.

The point is, that these selective actions on the demand side, as I already indicated, can be less inflationary—I do not think I make the claim that they would be anti-inflationary, but only that they would be less inflationary—than aggregate demand policy, and can take the pressure off aggregate demand policy as the solution to unemployment. As you know, when we have high rates of unemployment, the pressure builds up to do something on the aggregate side about that situation; but if we are doing something in a more selective way to get unemployment down, and we create jobs, it helps to take some of the political and other kinds of pressures off the aggregate side as a solution.

We have been very innovative, I think, in this country, by international standards, on the public employment creation side, through LIP, through OFY, and through some of these other programs, and in regional employment policy. There is, however, an area for the operation of employment policy in the private sector through selective financial support, or subsidization, if you like, of a temporary sort, and of a very selective kind. That is happening in some countries such as Germany, the United Kingdom and Sweden, to name some examples.

**The Chairman:** Are you speaking of the kind of situation that obtains in Germany, where unemployed skilled workers are sent to lower paid jobs and there is a subsidy to the employer to carry them at their previous rate?

**Dr. Dymond:** That would be one example. The British, for example, are talking about a subsidy for an enterprise that is in trouble because of a temporary market drop, or some other factor, but the belief is that it can recover and that the market is there in the longer run to support it and employment over a transitional period. There is also the area of subsidy to hire less competitive workers in a labour market in which they cannot produce at full productivity and so create jobs for them.

However, from a cyclical point of view, the more interesting area is preventing a fall of employment that does not need to take place if there are temporary supports to carry enterprises through a difficult period. Incidentally, from the point of view of public expenditure, that may be a lot less costly than allowing the unemployment to take place, and then put people into training programs or creating public employment to support them during the transitional period.

**The Chairman:** I suppose the test is whether you can get out when the time comes.

**Dr. Dymond:** Yes, that is a difficult political and administrative problem, but you put the measures in a time frame, and you have to be pretty tough about administering them.

The other area of manpower institutions you have discussed involves the Manpower centres and employment service. In the kind of framework I have been speaking about, they play a significant role in making the labour market more efficient, and in delivering programs on the

supply side of the market, and I suppose potentially on the demand side to individuals.

A significant issue that I would like to direct your attention to is the relationship between income support, unemployment insurance, welfare payments, and perhaps private plans, such as supplementary benefits and the creation of employment. I know you are familiar with this issue in terms of how it affects labour market behaviour by creating options for people. I think it may have another and more profound effect in terms of the political and social tolerance for the rate of unemployment itself. I think people all over the western industrial world have, in a sense, been somewhat surprised that very high rates of unemployment can persist and develop without major political and social explosions occurring.

Perhaps the answer is that we have succeeded, for very valid social reasons, in creating pretty adequate income supports. They have affected labour market behaviour in terms of people's reaction to employment opportunities, and from the point of view of the policy objectives, that I have stated earlier, of full utilization of human resources; they have taken off the pressure to operate on the demand side and the employment side of the market, because people are reasonably well cared for.

I might just say parenthetically that this also, I think, affects wage behaviour, the wage decision-making process, because it insulates the wage decision-making process through collective bargaining from the impact of unemployment. That is particularly notable, I think, in the United Kingdom today, where there is a very high rate of inflation, sparked primarily, I think everybody would say, by the wage patterns that have developed, with remarkably little impact of unemployment on this wage determination process. That, I think, going back to the inflationary context of the policy, has some important implications.

Another element in the picture is the budget constraint. Most governments, including Canada's, have very little head room to expand expenditures, either selective or in any other way, because of all the built-in commitments. This raises the issue of redistributing existing expenditure in more economically and socially effective ways rather than always adding to expenditures.

This all raises the issue of the trade-off between income support and job creation; whether it is not better to use at least a proportion of the expenditure—I am not talking about a complete shift but an increasing proportion of expenditures—on income support for selective job creation activities or selective labour market activities, and so get an attack on high unemployment in that way.

That, of course, raises, as I very much appreciate, a whole host of institutional and very difficult problems when many of these income support programs are related to rights that people accumulate through the payment of contributions and so on. I just draw your attention to that as an issue that is worth looking at in this field of employment and Manpower policy in relation to the elements I have mentioned.

I will list three or four of the larger issues that I think my analysis raises. The first issue is that the balance of expenditures and program effort in this country is too much on the supply side of the labour market, particularly when it is realized that 60 per cent of the budget of the Manpower department is in



training, as I recall the figures from your learnings, when the balance of the problem, as I have been trying to suggest, is on the employment creation side. Not that I am suggesting training should disappear, or anything like that; it provides a very important and valid function. I am talking about the balance of the expenditure and effort in total terms in relation to the nature of the problem. The problem would seem to be increasingly on the side of employment creation, in both a cyclical sense, and, perhaps, the sense of our longer term capacity to create employment.

The second issue is the apparent institutionalization of the delivery system of Manpower programs in ways that mean it cannot be made as cyclically sensitive as it should be. I have not looked at the figures too closely recently, but the training program, for example, does not seem to have moved up and down particularly in relation to cyclical activity, as I think it was originally intended to do; it was an important part of the stabilization concept. It seems to have become so highly institutionalized that it has lost the capacity to adjust in a forward looking sense to pick up slacks and then move down and increase in relation to the cyclical behaviour of the labour market. That may be true as well of other elements of program delivery.

I appreciate that this is a very difficult thing. There are political, institutional and bureaucratic reasons why programs become institutionalized, as we know, but it means that we lose an important capacity for programs to be sensitive to economic and social needs, and to have a changing mix of programs within budgetary resources as conditions shift and change. I think an important problem is how to de-institutionalize, de-rigidify—any sort of terms that are appropriate—the program mixes and capacities involved here.

The third issue, which is characteristic of many countries, and certainly of this one, is the effective co-ordination of aggregate economic policy and Manpower policy, so that they are complementary and integrated with each other, and thus develop a greater capacity for each to make an effective contribution to—dare I use the word?—“full employment” and stabilization objectives.

There are many more issues, of course, but the fourth and final issue is that there are two kinds of labour shortages developing in this and many other countries. There are shortages in Technical and skilled and professional occupations which training and education can meet, but there is another kind of labour shortage developing and sometimes we may try to solve this through training and other means, and this refers to the dirty and unattractive jobs in our economy and society, where you have a continuing shortage and a high turn-over. This results from the relationship between people's expectations from employment and the character of the jobs and working conditions. I am aware that you have discussed this in relation to mining and other areas of the economy.

Just to conclude, Mr. Chairman, I might draw attention to the report of the Ontario Task Force that I chaired, because I think some of the points that are evaluated and some of the recommendations of that report touch on a number of things that I notice you have been preoccupied with. There is the issue of industrial training which we

called “employer-centred training” versus institutional training, and much of the burden of that report had to do with shifting more of the training activity to employer-centred training and away from institutional training. I might explain the concept of employer-centred training, an expression which we used deliberately, because it is a question of who takes the primary responsibility for the training and whether it is located in an institution or on an employer's premises and that does not preclude mixing the training program for a particular individual between the institutional and the employment environment. In other words, you have some parts of a training program that can be done most effectively in an institutional environment and those parts that are more appropriate to an employment setting which can be done there. That is why we used the term “employer centred” rather than industrial training or on-the-job training. The report went on to point out that the advantage of more emphasis on employer-centred training is that it could be more cyclically sensitive to variations in the labour market than institutional training which really cannot and does not become sensitive to needed changes in the volume of training. You can put it on a comparative basis and you find that employers tend to be low in their activity when you want the training to be built up, and there is a complementary relationship there, and it can be more relevant to the needs of workers, particularly in a substantial range of occupations—not in all of them, but in many of them. While this cannot be documented in a hard sense, it is probably less costly in public resources to operate than is institutional training. The key to having efficient and greater emphasis on employer-centred training is the method of financing. We had some bad experience in the winter of 1971 and 1972 in trying to provide training and employment creation in industry together through subsidizing wages. The important point is that if a trainee goes into employment and is paid a wage, which is publicly subsidized, the employer naturally wants the final say on who goes into the training program because he is hiring the employee. Our formulation of the financial position regarding training was to say, “Well, we are really using the employer as a school; he is an alternative to a public training institution” and so when the trainee goes to the employer and he has responsibility for the training program and the management of it, the trainee should be not on a wage but on a training allowance, because he is being trained in the employment setting rather than in a public institution. And the employer should be put on a contractual basis because he is delivering a service to government to provide a trained worker.

**The Chairman:** There is one thing that bothers me in that respect, and while it is not really too germane, it is the sort of thing that bedevils us in Canada: Would the provinces let us get away with this? They have a series of institutions set up, they have annual agreements and they depend on those now. Would they allow us to have what you call employer-centred training which is really contractual and institutional training in the employer's premises?

**Dr. Dymond:** That is a key issue. I am, to some degree, optimistic so far as Ontario is concerned, because all the other members of the Task Force other than I were public officials in the province, and several of them,



from the Ministry of Colleges and Universities which has responsibility for the community colleges, were quite prepared, as members of this Task Force, to go along with this proposal.

**Senator Desrousseaux:** Before you go on, I did not hear any mention about federal-provincial-relationships in relation to training, but I thought I understood you to say that institutional training should be phased out somehow, is that correct?

**Dr. Dymond:** I think it would be too strong to say, "phased out", but we said in the report that for a few years incremental expenditures only should go in the direction of employer-centred training. We were quite conscious of the point that you could not phase down institutional training, but additional resources should be directed to employer-centred training.

**Senator Neiman:** But that in fact has not happened since the time of your report. There is still an upward trend on the institutional side. That is a factor that worries me considerably.

**Dr. Dymond:** I would expect that that is the case, but I have been out of the country and have not been aware of what has been happening since the report, nevertheless I know that the government of Ontario has given consideration to the proposals and I know that there has been a very elaborate set of consultations within the community colleges who are principally concerned. But just what will come out of that by way of conclusions I am not too sure. We give the CAATS in the Task Force's recommendation—and I think this is important to the question you raise, Mr. Chairman,—the role of implementing employment-centred training. They would be the base from which employer-centred training would be developed. Otherwise you are in a competitive posture, in which institutional training is going to win out every time; so part of our strategy was to give them an involved role so that they do not adopt the posture that this is something that is in competition with them.

**Senator Desrousseaux:** I hate to interrupt Dr. Dymond's very interesting presentation, but I did want to understand as well as possible the question of federal-provincial relationships with regard to the training schools that they have established in most provinces. Is there close co-operation with these schools? They are bricklayer schools and carpentry schools, and all these things, in my province, at least, and I am sure in some of the other provinces. Is there some co-operation between these schools and the federal government?

**Dr. Dymond:** Well, I am really not very up to date, I must say, on what has been happening in other provinces than Ontario, since 1970, so that with regard to just what happens down at the level of the schools in relation to Canada Manpower Centres, say, and the regional administration of the Manpower department in each province, I am really not in a position to offer much enlightenment.

**Senator Desrousseaux:** So we cannot know what the relationship with these provincial training schools is.

**The Chairman:** Well, we do have some material which we can supply to you, senator, on the agreements that have been entered into between the federal government

and the provinces in respect of training. They have just now been concluded for all provinces save one, namely, Manitoba. We can therefore give you that information. It is rather revealing. We can also give you some information on the difficulties that obtain in attempting to control the quality of the institutional training under these agreements. One of the great difficulties is, apparently, that the federal government almost makes a sort of gross agreement for so many training days, and it has no right, certainly in the case of Ontario,—and you, Dr. Dymond, could correct me if I am wrong on this—to say that a certain institution is not doing its job properly. All it can do is take that back to the province and discuss it with them. We are therefore in a rather unenviable position as far as the quality of training is concerned, and as far as the sort of control that we have over its utilization is concerned.

One of the things that Dr. Dymond was, I think, addressing himself to in his report was the employer-centred training plan, where I think you gain more control over the quality and the type of training; but we would be glad to send that along to you, senator, if it would be of value to you.

**Senator Desrousseaux:** To follow up on this, there must be discussion of the chances, say, of interference by the federal government in the affairs of the provincial governments. If there is an agreement there, perhaps we can avoid all that.

**The Chairman:** That is one of the very central problems that we have. It would be so much better if a constitutional problem did not exist. It has gone so far that I believe Dr. Dupré suggested that perhaps there ought to be provincial manpower departments which could deal directly with their training problems, rather than having to go through all these difficulties of constitutional issues.

**Senator Desrousseaux:** That is not the only problem. There is also the labour union approach. Once they have qualified they have to be accepted by the labour unions.

**The Chairman:** We are going to have some evidence on that particular problem. Dr. Dymond?

**Dr. Dymond:** I think that almost completes my introductory remarks, Mr. Chairman. The report also talks about the federal-provincial relationship which the senator has just raised, particularly in the area of employer-centred training, but also more generally, and I think, by and large, the position of the report is that the criteria should be that this relationship should be an efficient and effective one. During the period we were looking at, up to 1973 or so there was, at least in the employer-centered training area, a lot of competition, really, between the federal and provincial governments in the sponsorship and development of programs, and no clear definition of roles. The roles really should be based, I think, on a constitutionally correct position, and that, I think, also, could very well be the most efficient relationship as well. At least, that was the view that we adopted I understand, from reading the testimony before the committee, and also from conversations I have had, that the situation of federal-provincial relationships has improved a good deal, primarily through the so-called section 13 committees which have been re-

activated, to a higher degree than was the case at the time we were looking over the period of 1967 or so through to 1973.

**The Chairman:** These are the manpower needs committees?

**Dr. Dymond:** Right. That seems to have provided an institutional framework in which the consultational understanding is a good deal more continuing.

We also took a look at the apprenticeship programs in Ontario, and their reform and modernization, and in general at the issue of how to improve the quality and relevancy of the training that went on, primarily in the community colleges in Ontario. Those are the topics that the report directed itself to.

**The Chairman:** Thank you, Dr. Dymond.

I have a question regarding the employer-centred training. I think you raised this question in your paper. One of the issues seems to be that many of the employers would not have developed a training program, and that there would have to be some means of grant or subsidization or direction provided to them concerning how to establish those programs which would be effective. That I can understand. There is such a thing as on-the-job training if you have a specific position for somebody, and you want him in there. You might be able to give him training for that job. If, however, you are talking about the contractual type of training, a lot of employers would end up giving pretty second-rate training unless there was a lot of thought and some direction given to it. I think you do deal with that problem, and you do say, as far as I know, that something has to be done in that direction. I wonder if you have any idea of whether that would be extremely costly. In other words, does it wreck the concept?

**Dr. Dymond:** I would not say so. I think the point you make is an extremely important one. Obviously if you just went out to employers on a contractual basis and said, "Put on training for secretaries or machinists or estimators," or whatever it might be, the results would be very indifferent. A basic point that we felt was important—and we have made recommendations on this—was that it needs to be supported by a training curriculum and development service that would help the employers develop the training; in other words, that the educational institutions, primarily the CATS in Ontario—and this is one reason we are recommending that the training be promoted and developed through the CATS—be the base that already exists for providing this professional and technical support to the employers, so that they can put on an effective training program and manage it. The resources are already there, to a considerable degree, although they have to be supplemented, undoubtedly. It is important, however, to use that base if the training is going to be of reasonable quality, and effective. In other words, it is a question of matching the capacities that exist in our public training institutions with the capacities employers have to engage in training.

One point that employers in Ontario underscored in surveys that we conducted was that for the training of their own employees they were not so much interested in financial support as they were in technical support

from government. That was the thing they felt they should get from government, technical support in the development of training rather than very much financial support in the development of training their own employees. What we are talking about here, of course, is public training of unemployed and other people that employers would take on. I think that is an important point that is developing, the technical capacity.

Interestingly enough, the major sort of issue that we face is: is there capacity among employers to engage in training on any substantial basis, and is there a will and desire there? I think we felt, from fairly lengthy interviews with a sample of employers, that in roughly 50 per cent of the cases there was a will and a desire there, if it were properly organized, if it were financed properly, and if the relationships were effective and efficient.

**Senator Neiman:** I know I speak for all members of our committee when I say that we are very grateful to you for coming here to speak to us and give us the benefit of your experience and expertise in this field. I am sorry more of our members could not be with us, but there are several other conflicting meetings going on this morning.

In the first instance, you said you would paint a rather broad brush of this manpower field. In the light of your experience now, and looking back over what has happened since you were with the Manpower Division, I am wondering how you feel the Manpower Division can be of service in the supply and training of people in the labour force, in conjunction with every other department with which it has to work. In other words, you pointed out that there has to be co-ordination between our economic policy and our manpower policy. Where does Manpower fit in most usefully?

**Dr. Dymond:** Most of their work is on what I would call the supply side, which is training and employment service work, and the job creation work at the community level. I think I would add to that, as I indicated, selective employment policy as it affects the private sector of the economy as one of their responsibilities.

As far as regional employment policy goes, which is very important in this country, since I felt I personally have not followed the development of liaison and co-ordination there, but my hunch and impression is that it could be a good deal better on the side of regional policy and its impact on employment and unemployment in the areas of Canada where the Department of Regional Economic Expansion is operating. They, of course, relate laterally very closely to provincial policy and development, as they appropriately should in those areas. There may be a gap there between manpower policy and development and regional policy and development from the federal point of view, and from an employment creation point of view, but I have no first hand up to date knowledge on the nature of that relationship.

I just stress that as a very important relationship to develop, as is the relationship to which you have alluded, to overall economic policy, because overall policy as it affects tariffs, for example, as monetary policy affects activity, as taxation policy affects activity and differentially from region to region, industry to industry and area to area, has all kinds of employment conse-



quences. It is important to balance that policy and be aware of its employment consequences. That, I think, involves very close co-operation and liaison between departments, and at Cabinet level, in ensuring that the policy will not go off in one direction from an economic stabilization point of view, or growth point of view, with manpower policy going off in another direction, or possibly being in a posture of picking up the pieces afterwards as unintended and unforeseen employment effects occur. It just means, in short, that we need to work on the mechanisms of lateral policy co-ordination.

**Senator Neiman:** At the highest level.

**Dr. Dymond:** At the highest level, and down through the structure, rather than a system of vertical policy determination where everybody is in their own category and box trying to pursue their own objectives, while the objectives are changing and the policy should be mutually supporting. I know that is a very generalized answer. When you get away from that, you start prescribing institutional recommendations as so on, which is a very difficult area.

**Senator Neiman:** I can see that in a period of relatively stable economic growth manpower policies can be implemented much more successfully, or appear to be. However, in a time such as now, when we appear to be on a see-saw to some extent and are adjusting our economic policies to meet new circumstances on a weekly, monthly or perhaps daily basis, it is much more difficult to make manpower policies that will be effective over a period of time. From your own point of view, do you feel the Manpower division can in any way be made more flexible in any of its operations to meet these constantly changing economic factors that we are experiencing, and are liable to experience for the next few years, as you say?

**Dr. Dymond:** There is a section in the Ontario report directed to the Ontario context, but it may have implications federally. By having our budgeting system on an annual basis, and preparations for the budget, say for the present fiscal year, having to have been 12 to 18 months back, with provisions financially for training, to take that example, getting made, say, 12 to 18 months in the past, then the federal-provincial agreements being made for a year, and the planning having to go back into the past, we build a whole set of rigidities into the volume of programs and their distribution, that may not be necessary. As you point out, in a fast-moving and varying situation, where policy has to be adapted on a short term basis, we have rather tied our hands behind our backs through the typical budgeting process.

In Sweden, for example, they have gotten out of this bind to some degree by more open-ended budgets. There are questions of parliamentary responsibility for the expenditure of money, but perhaps we can find ways to make its utilization more flexible. In other words, there is a conflict here between what would appear to be good management and efficient management, through planning and budgeting and developing objectives, and rapid response and flexibility to changing situations. That becomes unduly complicated when there are two governments doing the same thing, negotiating and reaching some kind of agreement. I would say, if you could

put work in on how to really achieve flexibility institutionally in terms of the expenditure of resources, the development of programs, the capacity to make programs reversible, so that we can get into them rapidly and move out of them rapidly; that is a very important kind of ingredient to try to move into the framework of the Manpower Division. That is going to depend on and require a lot of co-operation, of course, from other authorities in the Government of Canada, Treasury Board and financing authorities and planning authorities and so on. The other side of the coin is this; I think there are thoughts being given as to how to decentralize, in a way that can make programs responsive at a local, regional level without losing the overall thrust and objectives of policy, and that, I think, is going to require some institutional innovations so that all decisions are not made in Ottawa but should be more decentralized within provinces and areas, and that mechanisms of participation by people at the local level, employers, unions, citizens, are involved in some of these decisions about training and other programs.

**Senator Neiman:** But how do we get under the provincial blanket? I think this is one of our greatest problems. In the contracts we have with the provinces today we have built in the rigidity and the institutionalization, so how can we at this point move back to get to provincial government levels and to the employers and to the unions as you suggest? I cannot see it happening through institutional training and I would agree with you that perhaps the only way we could achieve it would be by greater emphasis on employer training.

**Dr. Dymond:** In the Ontario report I think we said something about the problems of making all decisions in both Ottawa and Toronto, and that the decision-making progress should get out in Ontario to the 22 regions that have community colleges. Once the overall budget and framework had been established between Ottawa and Toronto, we recommend then that there ought to be interaction in making detailed decisions with respect to training between the delivery system of training in Ontario and the local CMCs which were delivering services for their clients in the local community. So, so far as both levels of government are concerned, we would have to agree that we want more of the action and decision-making at that level within our parallel structures and framework. I see that as the only way to get over what Professor Dupré called the "exclusive brokerage" concept at the provincial level. But there would have to be agreement that we would move decision-making on training, for example, down in the structure while still having a framework of agreement at the provincial level.

**Senator Neiman:** Have you seen any tendency on the part of either government to move in this direction?

**Dr. Dymond:** I have seen some possibilities in Ontario but I have not kept up to date with what has been happening with regard to moves in this direction. They have a very complicated structure now with the Ministry of Colleges and Universities and I do not know what their budget is, but it must be eight or nine hundred million dollars and it would seem to make a fair amount of good sense to do some decentralizing of decision-making in that kind of complex situation.



**The Chairman:** If there were the decentralization, we are still faced with the fact, are we not, that the real problem is that there is no evaluation of the effect of training? The only evaluation we have been given so far is one that is attached to the material we have here as Appendix No. 1. We have that, and we also have the idea that some incredible percentage of the people who were trained were employed. But there does not seem to be any real evaluation, so far as we have been able to ascertain, that would indicate whether or not the training was effective in the sense that the person got a job in the line for which he was trained. Have you anything to say on that?

**Dr. Dymond:** Yes, I am not up to date on what has happened since I left the department, but when I was Assistant Deputy Minister of Program Development, this was the area of my responsibility—to develop policies and evaluation and so on—and I always felt that the real value of what is called here cost benefit evaluation was really at a much more detailed level than these global numbers you have here. If you are following up a sample of a large number of trainees and finding out what training program they took and the institution it was taken at, and the courses they took and what jobs they got into subsequently and what they earned. It was this level of program monitoring, if I can put it that way, that was the real value of this kind of follow-up exercise and procedure and not in coming up with numbers that suggested that for every dollar spent there was \$3 in benefit and so on. Because that latter number is shot through with so many assumptions that it is very difficult to interpret its real meaning, as you are suggesting. But a detailed follow-up of what happens to trainees is quite important because if you find that they are being trained as machinists in Sydney, Nova Scotia, and they are not getting jobs as machinists, then you close out the program. You should have been able to see that they wouldn't get jobs in the first place, but forecasting is not always that good. But at least it allows you by hindsight to change the composition, the nature and the thrust of the training programs. It would be worthwhile asking the department, I think, how they use this material, this evaluative mechanism to adapt and change the program constantly and to make it more efficient so that it will meet the needs more effectively.

Now, on the numbers getting trained or on the numbers finding employment, that is a very difficult issue. I think we said in the report, for example, that with the amount of turnover among the unemployed, if you took a sample of a thousand people who are unemployed today, and then followed them up for six months or a year, you would find that there would be 70 per cent or 80 per cent of them probably employed, because the average duration of unemployment may be only 2½ or 3 months, with or without training. So to see the differential impact of training, and this is a very difficult thing to do, you would need a sample of like people who had not been through the training program. But I do not know that that sort of comparison is really the basis on which to make a case for training in any event. If you know that the skills in the country are deficient in certain respects in times of need in the labour market, then that is your case for training,

surely. Somehow you must make up the gap between the deficiencies in skills and the requirements of the labour market and the economy. You really only have to have a case that in fact shortages exist, and that training has something to do with meeting those needs, and developing people. Any sort of elaborate techniques for "proving" that some economic contribution has been made can be misleading, in fact, in terms of the role that training plays in manpower policy or in economic development policy.

**The Chairman:** That then brings us to the point that we wonder whether the training does not sometimes tend to be oriented to what the job seeker wants. For example, in the commercial section of the Toronto Manpower Centre they have training opportunities posted on the wall, and the job seeker goes up and says, "Yes, I think I would like to be trained in that." Now, that may be very valid; it may be that there is a real shortage in certain cases; but perhaps it is a question of orientation again. Is such an approach oriented to what the job seeker wants and the kind of training they will take, or does it tend to be oriented, as I agree with you it should be, to the shortages of skills that exist, or that the forecast says are going to exist?

**Dr. Dymond:** Well, I think you have to make, Mr. Chairman, probably, some compromise or integration between what people want to train for, and the kind of career they want to have in the labour market, and what the labour market itself needs. If you persist as an individual, say, in wanting to be trained as a machinist, or an automotive mechanic, which are bad examples, because jobs are in very high supply in those fields, or, on the other hand, let us say as an estimator of property or something, and there is no job, at the end of the route, in the field in which you have trained, you really have not satisfied, as an individual, your needs; and so I think there is an automatic corrective process that goes on.

If you give people good information about the potentialities in the labour market, and what is in demand, there may very well be a pretty good fit, while letting the individual make up his or her own mind about the training that he or she wants to take, and the training that is needed in the labour market.

It is really a question of information and counselling that is involved here. We have observed in the Ontario report something that is particularly true of youth, but applies also to adults, namely, that it is the individual who takes the training, and spends his energies in doing so, and who as a consequence is perhaps in for a long program, who really has to take the consequences of bad decisions, rather than the official that is advising him. The consequences fall on the individual of bad and unwise decision making with respect to training.

**Senator Desruisseaux:** News has been published about a group of people coming in from another country and being directed to a textile industry in the Tweeddale area in Quebec, for instance. They were employed there for a limited time, and then were shipped back. My question is, I am surprised that this problem was not taken to the Manpower Centre and some of our own people trained if specialized training was needed. Why is it that some of our own textile workers who were

then unemployed—around 17 to 20 per cent—were not retrained for that purpose?

That is not the only instance. We have the same problem in mining. We import people to work in the mines, and I wonder what is wrong with our training programs for Canadians who are employed in this respect? Since we are talking about training, I bring this up to you for your evaluation.

**Dr. Dymond:** I think, as I pointed out briefly before, senator, that there is a range of labour shortages in this country. You have alluded to the mining case, and perhaps part of the textile industry—certainly the garment trade and other service trades—in which training is not the answer. In other words, the problem there relates to the expectations that people have about the kind of employment they want, and the kind of working conditions they are willing to work under. There are a lot of people around with the qualifications for those jobs, in an objective sense, particularly at the lower end of the occupational ladder; and the problem there is, really, one of how to make the job match the kind of expectations people have, rather than of providing a training solution, if that is the sort of issue you are raising. It is a very difficult problem. There is no easy answer to it. In the mining industry there is isolation, for example, which has such an important bearing on the kind of expectations that people have these days.

One solution—not a solution, perhaps, but an orientation—is that people may be willing to do the so-called dirty jobs if they are no more than an incident in a career in the labour market, but are not willing to go into those jobs and stay in them if it is something they are condemned to for the rest of their working life. In that context, training, I think, would play a role, and perhaps employers and manpower policy makers should focus more on the individual from a career point of view, so that people would be willing to take some of the jobs down near the bottom of the structure if that was part of a ladder, or a stepping stone to some other employment. After all, we have all done that in our lives, presumably. Some of the jobs we have had have not been very attractive, but they have led some place in terms of the development of the individual. There is not really very much of that kind of planning that goes on, if any, for a lot of people, in our labour market.

**Senator Desruisseaux:** In appendix 2, in justice, with regard to what you were saying, there was a training program in mining which involved a cost of 5 per cent of \$11 million for training 4 per cent of 33,000 people. Of course, this would show that some attempts were made.

**Senator Neiman:** You mentioned with regard to industrial training that the formula had been to say that it was using the employers as “school,” and perhaps the trainees should be on an allowance rather than a wage. I did not have the opportunity of hearing the witnesses here yesterday, but I did read the written submissions they made before hand. I noticed in the submission by Rubbermaid, they gave an example of their experience with the trainee programs. I believe the general import is that they received a great deal of co-operation from Manpower in setting up a training program, but they got really no assistance in the provision of trainees as

such, and they had to go out themselves to find their own trainees for the programs, which I gather they got through newspaper advertisements. I believe this comment was made by some of the other employers as well, that they were more successful in obtaining their trainees or employees through newspapers.

How would that relate to your general idea of industry training, whether Manpower should have the function, or if it has and is not doing it properly, whether we should concentrate, not so much on trying to provide trainees as simply providing the money for training to set up the machinery. Perhaps that should not be an expectation of the employers, or a function of the Manpower division.

**Dr. Dymond:** In the formulation we made for the Ontario report, the division of responsibility was that Manpower would select trainees, would determine the directions of the training program in occupational or other terms that was required, and of course provide the money and some evaluation services, because if you are spending public funds federally there is a responsibility to evaluate the way in which those funds have been spent, and whether they achieve the purposes for which they were voted.

The province, I think, certainly in Ontario, has the primary role of providing the inputs into the employer training in the sense of the technical inputs, to make sure that it is an effective and good training program, because they have the resources, and constitutionally they have that responsibility. Under the Constitution, as I would interpret it, and as we interpreted it in the report, it does not matter where the training takes place; the constitutional responsibility for education and training is, not that the provinces have responsibility for “schools,” but that they have the responsibility for a total process wherever it takes place, within the boundaries of that province.

It would be a very peculiar world indeed, I think, constitutionally if training that takes place on employer premises is somehow federal in character, and training that takes place within the bounds of a public institution is provincial in character. I therefore think the division of responsibility for industrial employer centered training is really that of the province being responsible for the processes and activities of training, and therefore making the bridge between the institutional structure and all the inputs that go into employer training from that, developing programs and so on. All of this is within the framework of agreement and consultation.

**The Chairman:** There still would be the agreement though?

**Dr. Dymond:** Right.

**Senator Barrow:** Yesterday the complaints were voiced when we were going over this matter, criticizing the red tape involved in getting the programs started or in continuing them. I take it from the replies I have seen that many companies dropped out of these training programs because it just took too long to process the necessary applications and so on to get approval. Have you any comment on that?



**Dr. Dymond:** That was something we discovered too, that the employers in Ontario, for example, as things had developed up to 1973, really did not know what government agency was responsible, because they sometimes found themselves dealing with a federal agency without any reference to the province, and with a provincial training authority without any reference to the federal. Yet they were interdependent and interrelated, and in their dealings with each other they all have their own sets of forms, control mechanisms, etc., etc. I think the reduction of red tape will require clear-cut responsibilities for each government in implementing industrial training.

I think the division of labour I just spoke about would be that the province should do the promotion, the laying on of the training program, putting the technical inputs into that training—which is what the employer really wants and needs, namely technical support for putting on a good program—and the federal government should do the referring of the trainees, the financing, if this is part of federal Manpower policy, and, because the information is there and it has the labour market responsibility, what the training will be for. Most of the interrelationship on the ground, so to speak, at the enterprise level after the trainee has been referred should, I would say, be handled by the provincial agency. In that way the poor employer would not find himself dealing for all purposes, so to speak, with two levels of government and two sets of agencies.

**Senator Barrow:** The second complaint that was brought out was the fact that, for training trainees they had to be registered with CMCs, which were not always suitable for this type of thing. The employer himself would have people he wanted trained, but because they had not been registered with the CMC he could not get them on to the program. Have you any comment on that?

**Dr. Dymond:** In the Ontario report we drew a line between two types of training. One was the training by employers of their own employees; they might be people Manpower referred, but they would take them on and pay them wages. That seemed to us, and from what we have heard from employers, to require mainly technical support, not financial support.

The other kind of training is where the employer is put on a contractual basis; he is referred trainees as trainees, not as employees; he does not pay them wages; they are paid a training allowance. To do the training job on a contractual basis he is paid the net cost, because if they are producing something you deduct the value of what they are producing. At the end of the training the employer can take on the trainees he wants to retain, and the rest can be referred to other employers. In other words, the employer is no longer in the position of having to decide, "Do I want this man as a permanent employee or do I not?" This means that if he is trained as an employee then the people who probably most need training, in the sense of the less competitive and more disadvantaged, will never get into this kind of training, because the employer will naturally have to make a decision about an employee. Our formulation was that you use the employer as a "school", so to speak, for these public training purposes, pay him to do the job, plus a reasonable profit. That gets around this very

difficult problem of having to make a hiring decision at the same time that you make a training decision.

**Senator Carter:** If I understand you rightly, you have put forward the proposition that training was global, the responsibility of the province, that it did not depend on what institution the training was given in, but training *per se* was wholly the responsibility of the province. Two questions arise out of that. If we accept that proposition, should the federal government finance training at all?

**Dr. Dymond:** I think the answer to that question is that the federal government has a responsibility for the economic, labour and manpower resource development of the country, and training is one of the important instrumentalities by which you achieve the objective of having adequate and well qualified manpower supplies and so on, from the point of view of its economic responsibility. All I say is that the process of the training itself, the activity of training, regardless of where it takes place, the instrumentality so to speak, is a provincial responsibility, not necessarily the decision whether training is necessary or what direction that training should take if it is labour market oriented.

**Senator Carter:** I find it difficult to see where you draw the line under that definition. Are you saying that the responsibility for providing the training is provincial, but the responsibility for financing the training could be federal?

**Dr. Dymond:** Yes, as a means of implementing the responsibility I spoke of for the economic development and economic stabilization of Canada. In other words, you are providing or using a provincial facility for meeting a national need.

**Senator Carter:** We have a situation in Ontario where the federal government is providing the money, and your theory is embodied in an agreement with the federal government whereby the federal government loses control over the training, and we have evidence where that money is not spent in the best interest of trainees. In other words, the people who need the training are not assigned to the institutions best qualified to provide training, but on the contrary these applicants or trainees are shunted off to an institution which needs the money. So that the money is not spent in the interests of the trainee, but in the interests of the institution itself. That is a direct result of your hypothesis. How do you get over that?

**Dr. Dymond:** Well, I realize those problems exist, but I do not know that the sort of fuzzy sharing of responsibility for training between the federal government and the provincial government is an answer to that kind of situation. When I say "fuzzy" I mean with the federal government trying to get into the act in saying what methods of training will be used, and the institution, if you like to take your example, that will be employed. It seems to me that if both levels of government have a good understanding and a set of clearcut responsibilities, then you really have to leave the kind of problem you raise, and which is very real, up to consultation and good will, and the recognition, I suppose, ultimately that both levels of government are working in the interests



of the citizens of Canada. They both have to work out how best they can collaborate in an area where there are these mutualities of responsibility in arriving at a result. I think I would have to say that perhaps the example of a 100 per cent financial responsibility on the part of the federal government may in fact be doing some damage. It is very difficult, I think, for one level of government in Canada to be in the position of being the servant of the other, so to speak, through the training instrument, with the other being in the position of calling all the shots as to what training should actually take place. Therefore if there was perhaps a greater sharing of the financial burden, and here I am not proposing going back to the old technical vocational training agreements, but one of the things they did do, and I happened to be very heavily involved in their administration, was to create a pretty good atmosphere of consultation and joint decision making with respect to training, and I think it was the financial involvement of the provincial level of government that in part created this sense of responsibility, because they were spending their money too. There is the problem of inequity in the agreement that you are speaking about, but the fiscal transfer agreement should be able to cope with that. So I think that what I am saying is that the 100 per cent may be doing part of the damage.

**Senator Carter:** But is the answer not for the federal government to have an agreement whereby they can make direct contact with the institution that they want and select the institution they want to provide the service that they want, and then the federal government has responsibility to see that the money is spent in the best way so that the trainees, the people getting the training, will get it from the best institution that can provide it?

**Dr. Dymond:** I think that may be a point of difference in what I am saying and what you are saying, senator. I am saying that if the province has the responsibility for the quality and process of training then it should be in the position to determine how the best results can be produced whether in employer-centered training or institutional-centered training. Now I could not agree more—and Senator Neiman and I were speaking on this earlier—with the fact that the decisions should be joint ones made at a local level, that is between an institution, say a community college, in Ontario and the local Canada Manpower Centre, as to who is going to be trained and what they are going to be trained in.

**Senator Carter:** There is no argument about responsibility because by making direct contact with the institution itself, that does not take away the responsibility from the province to see that that institution lives up to whatever standards the province wants. I do not see that the federal government by contracting with an institution for so many man-hours of training in a certain course can affect the responsibility of the province one little bit. But it does give the federal government, who has to account for the expenditure to the people of Canada, an opportunity to see that this money is spent to the best advantage and for those purposes for which it was intended, whereas under the other agreement we have evidence that it is not being spent in the interests of the trainees but is being spent for other purposes.

**Dr. Dymond:** I think the sort of balancing element to the federal government, as you suggest, dealing directly on a contractual relationship with provincial training institutions, is that the province has responsibility in a total sense for education and training in that province, and for the distribution of resources between different types of training institutions. It has goals and responsibilities in terms of the use of training and education, and it seems to me that the province cannot afford to deal at the level of individual institutions with the federal government and still retain its overall responsibility for the distribution of resources and institutions and so on in the province. We talked about this in the report as one of the problems in Ontario. From an Ontario point of view there is a rather bad distribution of training resources between employer centred training and institutional training, perhaps, and perhaps between university training and community college training, et cetera. That is an area of responsibility for the province, and I do not think the province can meet its responsibilities by federal government contracts directly with training institutions.

**Senator Carter:** I must say I cannot see the point you are arguing because I do not see where you are interfering with the responsibility of the province. In what way are you interfering with the responsibility of the province?

**Dr. Dymond:** Well, because if you go in and finance manpower training, let us say, in Sudbury, through buying a lot of courses from the local community college of a particular type, that has all kinds of applications for the pattern of training and education in the Sudbury area as distinct from other areas of the province. In other words, you have an independent authority coming in and perhaps changing your priorities, certainly involving you in the hiring of teachers and administrators, perhaps, in meeting this need, and putting more capital in to expand the facility, and so on.

**Senator Neiman:** Following on what Senator Carter has said, I see some difficulty with regard to what he suggested. It seems to me that the function of the province at the local level is to determine labour shortages and training needs. That should be done at the provincial and local levels. The provinces then could decide, on the basis of that, which of the universities or training schools or community colleges, could provide the training that the province needs to provide. Then, perhaps, after that has been done, the federal government could step in, having been advised by the provincial governments that this particular school be set up to provide for these particular labour shortages, and for this particular type of training to meet some other kind of labour shortages. The federal government, at that point, could step in and deal directly at the university or training level. To do it in the way Senator Carter has suggested, however, it seems to me that we would first have to move into each local labour market and determine the shortages and the training requirements.

**Senator Carter:** You misunderstood me. I understood that we had local committees. The federal government does not decide that there are 15 welders in such a place, for example, that have to be trained. You have a local provincial manpower committee to do that. These are the

people who first determine what courses and what training are needed. The federal government only comes in after this is all decided at the provincial level. It is not done by the federal government. The federal government only comes in after the decisions are made, and then finances the training required. The only thing is that the federal government has a responsibility to see that the money is spent to the best advantage, and it cannot do that under the present agreement.

**Dr. Dymond:** I think that is right, senator, and I agree that it has the responsibility to spend the money to the best advantage. Ultimately, I think the decisions should be negotiated at a local level for the pattern of that expenditure; that is, who it is going to be spent on, and for what occupations, and so on. All I have really been saying is that that cannot and should not cut across the provincial responsibility for priorities with regard to the development of training and education in the province as a whole, because what we are talking about here, manpower training, is only one component, when one views this matter from a broader human resource development and educational point of view, of a total system of training and education. That system, within the boundaries of a province, I think, is a provincial responsibility, so that we have to find ways, really, of rationalizing and negotiating with regard to one component in relation to the larger whole, at the provincial level.

**Senator Neiman:** Dr. Dymond, you mentioned in your economic forecast, or overview, that we have troughs of unemployment that seem to be getting successively higher, and that there will apparently be more youth and disadvantaged people forming part of these troughs of unemployment. We seem to spend a lot of money on the basic training skills, and, to get back to a point you made earlier, about the division of financial responsibility, it seems to me that the federal government has more and more taken over in the field of basic training, and has more and more assumed financial responsibility in the area of pure education and basic training skills, which should stay with the provinces, particularly in the area of youth, and I wonder whether it is not at this point that we should say to the provinces, "You are responsible for basic education, basic training schools, and we will pick it up at a later point."

That brings me to the adult occupational training act and the statement by the minister just recently in an article in the *Financial Post*, to the effect that they are considering bringing back the provision in the act that makes adult training applicable only to people who have been in the labour market for three years, with the objective of concentrating more particularly on the older worker. Therefore that again will cut out youth. Is this, again, a responsibility we should be moving back into the provincial field?

**Dr. Dymond:** Well, let me start out by saying that I think the basic training for skill development for adults is a very important part of the total program of narrowing the gap between adults and youth in the basic educational qualifications which exists because of the development of education in this country, and so on. As a result adults in their forties and fifties have a much lower educational standard. Just pushing people up to a higher level, say from grade eight to ten or

eleven, gives them many more employment opportunities, without any further skill training, than they otherwise would have; so I think that part of the program is a very important element.

In recognition of the issue of adults versus youth, and the provinces, as it were, escaping from their basic educational responsibilities, the three-year gap, so-called, was put into the original OTA Act in the hope that the provinces would continue to be responsible for the appropriate education and vocational training of youth, in the hope that they would come out into the labour market reasonably well prepared for employment. Then, of course, the pressure was on, as you know, with regard to all these young people who do not have labour market qualifications. The unemployment of youth is climbing, and surely these are the people that we should give priority to in the manpower training program, so that as a result the three-year gap is narrowed to one year. From the statistics you have seen, and that I have been looking at myself, a much greater proportion of the program is now being applied to the younger age groups. I think it is quite right that a level of government responsible for education should also be responsible for the utilisation of its financial resources, and unfortunately youth may fall in between. The pressure—the very important pressure to gear the educational system for meeting the needs of youth in a labour market sense—is thereby taken off, and this is a very large issue. The whole question of getting a much more effective integration between education and employment, which is an important issue, together with a much greater mix of moving out of education into employment and back into education, so as to make a much better transition than we have had to date, gets lost in the process. I suppose if more of the training job in a vocational sense were done for youth, one could get the basic educational job done more effectively in provincial institutions. That is the way it should be in terms of our constitutional division. The question is how to manage that in the interests of youth and of the people of the country.

I think all I could offer is to say that should be looked at as a problem jointly by the federal and provincial governments. How can we really do a more effective job of preparing youth for the kind of labour market situation that they are going into by all kinds of adjustments, rather than just trying to piece it together by loading them into the Manpower training program as it now exists? The only thing I can offer is to say that this problem should be looked at by both levels of government jointly to see what we can come up with by way of financing and the institutional structure required to do a better job.

The integration into employment is a federal responsibility and education is a provincial responsibility. That is very important for youth. It really has somehow to be a joint job that is done before we can break through some of these institutional and financial barriers. That may not be very helpful in terms of a specific prescription; I am sure it is not. However, it is something that needs to be looked at as a problem, and I do not think it is really answered by moving the gap in manpower training, so to speak, back and forth between one year and three years. It seems to me to require some new and creative programs to handle this problem of youth.



**Senator Neiman:** I am very concerned about the educational policies in Ontario today, and I am equally concerned that, because of a failure of our educational system in Ontario today, the federal government has to move more and more into the field of basic training, basic education, while at the same time the provincial government just says, "Hand us the money and we will decide what is to be done with it." We are in a very difficult position at the federal level at this point, recognizing that we cannot dictate to a province its educational philosophies or policies.

**Dr. Dymond:** I certainly agree with that diagnosis. There has to be some new approach to the gearing of education to employment. We are stuck with two very rigid institutional structures now, the manpower training structure and the educational structure, and some in-between devices need to be worked out. Also, the financial responsibilities need to be sorted out, because youth is really falling into a vacuum or a gap in consequence.

**Senator Bourget:** Mr. Chairman, I am not a member of the committee, but I was very interested in Senator Neiman's question. Do you have periodic consultations with a province, for instance Quebec, so as to meet what Senator Neiman was asking? Is there any collaboration between your department and the provincial department concerned?

**Dr. Dymond:** I am not with the department now, and have not been with them since 1970, so I really do not know the development of consultation in any sort of detail since then. There are regular meetings, or there used to be, at the deputy minister level, and sometimes at the ministerial level, between the minister, the deputy minister, and provincial ministers of education. We have a capacity to sort this one out, and I would hope it could be done. It unfortunately gets involved, I think, with many other larger issues in the financing of education in Canada generally, with the federal government, of course, paying for a large part of the financing of tertiary education, university education, without having any control whatsoever over the pattern of that education, its distribution or anything else.

With a world in which the integration between employment, education, economic and social developments are pressing on co-ordination, on new responses and on adaptation, then we in this country have to invent ways of coming to grips with this problem of the inter-relationship between education and the labour market in effective ways, otherwise the educational system gets very insulated from the needs of the economy, and youth itself. The federal government gets insulated from a capacity to deal with its responsibilities, which are labour market employment and economic development ones. I am saying that somehow institutionally we will have to bridge this gap, and that will have financial consequences for both levels of government.

**The Chairman:** As I understand it, the European training schemes concentrate largely on improving the skills of those who are already in the labour force to meet skill shortages that the government, I suppose, predicts will occur, as opposed to the American-Canadian system, which I gather is more to take disadvantaged people

and give them skills from a level where they had no skills at all. Is there anything to be said for the European approach as a criticism of our approach, or vice versa?

**Dr. Dymond:** Not too much. The problems of the disadvantaged do not seem to be as great as they are in this country, perhaps because of our labour force growth. Although some of their schemes certainly focus to a degree on the disadvantaged, they seem, as you say, to be for upgrading skills and filling gaps to a considerable extent. There may be something to be learned from the Germany approach, where they have had the traditional apprenticeship system over large parts of the labour force, in which youth naturally flows from education into apprenticeship and then into employment. I do not think it is appropriate to revive apprenticeship in Canada, but it does suggest we really need to work on perhaps something like modern concepts of apprenticeship, where a much greater part of the job is done in industry, in employment, part done in education, and establish these links. Apprenticeship did that, you see.

**The Chairman:** If I might interrupt. At a time when institutional training and even on-the-job training is combined—I think on-the-job training is confined to 52 weeks; maybe institutional is as well—where they have shortened the training period, apprenticeship training—which I gather is the sort of direction you would like to see us going in, and for which you make a very good case—from what little experience I have of it, is incredibly long and drawn out, yet the provinces seem to refuse to move away from what is really now an archaic concept of training people, and one that the prospective trainees will not endure; they will not go for these incredible lengths of time involved in the apprenticeship system or, worse still, the rates of pay associated under some provincial legislation. Is that an area that should be corrected?

**Dr. Dymond:** It certainly needs to be looked at, and there are a number of proposals for reforming traditional apprenticeship in the Ontario report. The problem there is essentially that in the building trades, for example, apprenticeship not only serves a training function but serves a labour supply function for the trade unions and the trade. The real functional reason for lengthy apprenticeship is to control the flow of people coming into the trade, not necessarily in terms of its training value.

If one is going to take the apprenticeship approach in the broad sense, not in the narrow traditional sense, one has to solve the problems of earnings and productivity. In addition, one has to establish firm relationships between moving in and out of employment and into training.

I do not think the apprenticeship approach is the proper one for all occupational areas in the economy by any means. We have a type of apprenticeship program in such professions as law and medicine, for example, in which firm relationships are established with the employment and educational processes. Really, I am making a plea for more and more of those types of inter-relationships. The traditional apprenticeship approach has all kinds of problems. It is withering away.



**The Chairman:** One final question. We had a group of employers here yesterday and they claimed that one of the basic problems facing Canada Manpower is that it is almost totally oriented to the problem of the job seeker and not oriented in any palpable way to the problems of the employers offering jobs. For that reason, they, the employers, were in the position of constantly being frustrated by the sort of people they got from Canada Manpower to fill the job openings they had. Based on your experience, would you say that that is a misperception, or is it largely correct?

**Dr. Dymond:** I do not have too much detailed operational experience. I think the basic point, however, is that before you can perform an effective service for workers in the labour market, you have to satisfy the needs of the employers. The two things are intimately inter-related. You simply will not have a range of job orders or desirable job orders, unless you meet the needs of the employers as well as the needs of the workers. The two are functionally interdependent. If you cannot succeed in meeting the employers' needs, then you

have a more limited set of job offers to make to people as you go down the occupational ladder.

The people who are qualified for the better jobs on the occupational hierarchy will never come near the Manpower service, so you are in a kind of downward spiral, serving neither side of the market very effectively.

I am not suggesting that this necessarily happens. As I say, I do not have any detailed knowledge of what is going on. However, it can happen. In other words, if you go too far in servicing or counselling the workers without allowing sufficient time to obtain job orders, or at least do some preliminary screening as to the needs of the employers, the whole thing is self-defeating in terms of meeting the workers' needs.

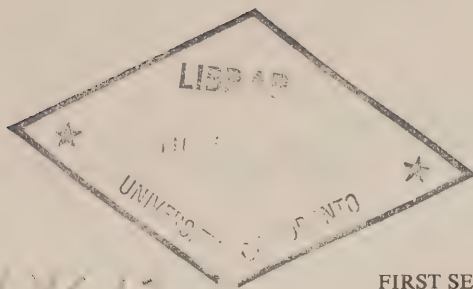
**The Chairman:** On behalf of the committee, Dr. Dymond, I want to thank you for coming all the way from Paris to give us your unparalleled knowledge on this subject. It has been a most useful meeting.

The committee adjourned.









Government  
Publications

FIRST SESSION—THIRTIETH PARLIAMENT  
1974-75

THE SENATE OF CANADA  
PROCEEDINGS OF THE  
STANDING SENATE COMMITTEE ON  
**NATIONAL FINANCE**

The Honourable DOUGLAS D. EVERETT, *Chairman*

The Honourable HERBERT O. SPARROW, *Deputy Chairman*

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Issue No. 21

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WEDNESDAY, MAY 21, 1975

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**Sixteenth Proceedings**

The examination of the Estimates of the Manpower Division  
of the Department of Manpower and Immigration for the  
fiscal year ending the 31st of March, 1975

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(Witnesses: See Minutes of Proceedings)

STANDING SENATE COMMITTEE ON  
NATIONAL FINANCE

The Honourable D. D. Everett, *Chairman*;

The Honourable Herbert O. Sparrow, *Deputy  
Chairman*.

The Honourable Senators:

Barrow, A. I.	Hicks, Henry D.
Benidickson, W. M.	Langlois, L.
Carter, C. W.	Manning, Ernest
Côté, J. P.	Neiman, Joan
Croll, David A.	O'Leary, M. Grattan
Desruisseaux, P.	*Perrault, R. J.
Everett, D. D.	Prowse, J. Harper
*Flynn, Jacques	Rochichaud, L. J.
Giguère, Louis de G.	Sparrow, H. O.
Graham, B. Alasdair	Welch F. C.
Grosart, Allister	Yuzyk, P.—(20)

\**Ex officio* member

(Quorum 5)

# Order of Reference

Extract from the Minutes of the Proceedings of the Senate, December 17, 1974:

Pursuant to the Order of the Day, the Senate resumed the debate on the motion of the Honourable Senator Everett, seconded by the Honourable Senator Cook:

That the Standing Senate Committee on National Finance be authorized to examine in detail and report upon the Estimates of the Manpower Division of the Department of Manpower and Immigration for the fiscal year ending the 31st March, 1975.

After debate, and—

The question being put on the motion, it was—  
Resolved in the affirmative.

Robert Fortier,  
*Clerk of the Senate.*



# Minutes of Proceedings

Wednesday, May 21, 1975

(16). . . (21)

Pursuant to adjournment and notice the Standing Senate Committee on National Finance met this day at 4:05 p.m.

*Present:* The Honourable Senators Everett (*Chairman*), Carter, Desruisseaux, Graham, Hicks, Manning and Neiman. (7).

The Committee resumed its examination of the Estimates of the Manpower Division of the Department of Manpower and Immigration for the fiscal year ending 31st March, 1975.

*The following witness was heard:*

Mr. W. B. Thompson  
Chairman of the Community College  
Province of New Brunswick

*In attendance:*

Mr. J. H. M. Cocks, Director of Administration; Mrs. Barbara Reynolds, Research Branch, Library of Parliament; Mrs. Helen Small, Parliamentary Centre; Mr. D. Toupin, Director General, Manpower Client Services Branch, Department of Manpower and Immigration.

At 5:30 p.m. the Committee adjourned until 9:30 a.m., May 22, 1975.

*ATTEST:*

Georges A. Coderre,  
*Clerk of the Committee.*

# The Standing Senate Committee on National Finance

## Evidence

Ottawa, Wednesday, May 21, 1975

The Standing Senate Committee on National Finance met this day at 4 p.m. to examine in detail and report upon the estimates of the Manpower Division of the Department of Manpower and Immigration for the fiscal year ending March 31, 1975.

**Senator Douglas D. Everett** (*Chairman*) in the Chair.

**The Chairman:** Honourable senators, resuming our hearings on the Manpower Division of the Department of Manpower and Immigration, we are honoured to have with us today Mr. W. B. Thompson who for over 25 years has been involved in vocational education in the province of New Brunswick. At this time he is the Chairman of the New Brunswick Community College, the organization through which the federal training agreement with the Province of New Brunswick is put into effect.

There are some background notes prepared by the staff, and there is the agreement between the Government of Canada and the Government of New Brunswick. Copies of these are being distributed to honourable senators.

I must apologize on behalf of the committee to Mr. Thompson for our lateness in commencing our proceedings today and also for the number of senators who can be present. The house rose only three or four minutes ago, and a caucus is now being held which a number of senators are attending. They will join us as soon as the caucus is over.

Mr. Thompson, you might wish to make an opening statement.

**Mr. W. B. Thompson, Chairman, New Brunswick Community College, Fredericton:** Mr. Chairman and honourable senators, I sincerely appreciate being invited to appear before the Standing Committee on National Finance and to participate in the study related to the work of the Manpower Division of the Department of Manpower and Immigration.

It is my understanding that my presence here is as an individual from the Atlantic region of Canada, a person who has been involved in various phases of manpower policies and training for the last thirty years. I do not present a position of any particular government, but state propositions and conclusions based on experience.

In reviewing some of the material that has been presented to this committee, I am of the opinion that much has been accomplished and if we correct the mistakes that have been made in the past with respect to manpower training, then our objectives may be reached.

I have been asked to comment on how the provinces and the Department of Manpower and Immigration forecast training requirements, particularly for the occupational skill courses. This is a major problem. Are you discussing

the needs from the point of view of employment opportunities as dictated by past performances for today's needs or projections for tomorrow? The needs are different in many respects for each area of employment. In the past we had categories of training institutional, training in industry; perhaps it should be a combination.

We have not shown the awareness of the social and economic changes that are taking place in our society. For example, job seekers are much more selective; they may not want a job which provides employment all year, but one which is high paying and seasonal. People have more alternatives today. People want to work but on their terms—more so than ten years ago. A major problem in the Atlantic region, even when as many factors as possible are considered, relates to budget restrictions and the distortions that this has on the planning process as well as the operational function.

We have a growing work force. The largest unemployment is found in the youth sector, but due to existing sections of the present Adult Vocational Training Act, a high school graduate who does not have specific skills cannot receive any assistance with respect to Manpower training until he has been out of school one year. This also applies to other young people who try university for a period of time and find they are not suited to that type of training, they must wait one year.

On the other end of the scale, we have a large number of unemployed who have a low educational standing and thus are unable to meet the entrance requirements of specific trades. Because of the time limitation of 52 weeks, they may not be able to upgrade themselves to meet the entrance requirements.

All indications are that a considerable amount of long range realistic planning must be carried out if we are to keep abreast of technical and social changes. Funding on a long term financial base is essential for effective planning with additional funds to meet specific new problems as they arise. The provinces have to provide more input in planning. The provinces have to participate more than they have in the past.

Training can have a major effect on unemployment if it is realistically applied, taking into consideration the needs of employers as well as the employees. There are many factors which would support the concept that more training should be done during those periods of high unemployment.

We need to be aware of the fact that training should be varied to meet the needs of small employers as well as larger employers who require more specialists than generalists, which is very often the reverse of the small employers.

Planning with respect to training has to begin on a wide base, with public school, community, labour unions,

employers, as well as government officials. Training and manpower policies will only become effective if and when all government agencies begin to work co-operatively together.

We have major problems in filling job vacancies in the service sector. The cost of training for some of these jobs is lower than training for some construction or transportation jobs, but the wages to be earned by the new employee may be much higher. In one case "X" number of people are trained for "Y" dollars, whereas perhaps only one-half or one-third the number of people could be trained for the same dollars in the other sector. One provides more jobs, the other provides better paying jobs. This is but one of the problems confronting agencies engaged in short term training projects.

I was asked to comment on the job creation sector of the Manpower policy. It has assisted a number of persons in finding short term employment. There is a need to involve the provincial authorities much more as this phase is very important. I would expect this to take place if a more co-ordinated manpower program was developed.

A new dimension has recently been suggested and added to already existing programs in some provinces—and here I am referring to the community employment strategy program. Once again, more dialogue with the provincial authorities is necessary.

The Canadian government has embarked on a national manpower policy which appears to be comparable to many other countries, but if a more effective program is to be developed, greater flexibility to allow for regional and provincial differences has to be provided.

The needs of the people are different, due to many factors such as types of employment, environment, mobility, housing problems, ethnic factors, education, and others which affect the needs and opportunities of people.

With each province having an agreement with the federal government, more provincial participation is necessary if future manpower programs are to be successful.

**The Chairman:** Thank you, Mr. Thompson. Senator Manning?

**Senator Manning:** Thank you, Mr. Chairman.

I think the committee would be interested, Mr. Thompson, in drawing on your experience for information in the area of whether the emphasis in these training programs should primarily be put on the needs of industry, or the community, who are looking for employees with certain qualifications, or whether the emphasis should primarily be on the interests of the people who may not be employed because they perhaps lack certain skills but may be interested in upgrading their skills or obtaining new ones. What has been your experience in reconciling these two areas or the these two approaches?

**Mr. Thompson:** I think, if we go back, with respect to training, we find that Manpower's first approach was that they were a placement agency, and training was a vehicle to assist in placing people in particular jobs. More recently more emphasis has been placed on the individual and on what can be done for the individual.

I think, in the light of the over-all experience that I have been involved in, there has to be consideration given to both factors. We perhaps have not done this as readily as we should have. When I say "we" I am referring to all the people involved, both at the federal and provincial levels.

We have relied on statistics or past experience of, "When I was a boy," and, "This is the way things were done." One of the points I try to make in this paper is that social conditions have changed considerably, and that the company town cannot be given the same emphasis as was the case a few years ago, due to the mobility that does exist in our population. I therefore think there has to be a marrying and a better understanding of the needs of people as well as the opportunities for employment that have to be taken into consideration.

**Senator Manning:** We have had some evidence from employers who, while generally appreciating the programs that are provided, do express concern at the fact that the men sent to them are not trained or equipped to do the kind of work that they are looking for. Can these two things be successfully reconciled in some kind of program?

**Mr. Thompson:** I think they can, if people will participate; but one of the things that we have had is a lot of lip service from some employers who indicate that the graduates of institutional training are not fully qualified. If communication had been better between the institutions and the employers, the employers would recognize that you cannot train a tradesman in any institution; you can only give him the basic skills or understanding, and he then has to be taken on from there.

The other thing is that in many cases we have had employers who have commented to the policy makers of our country that our institutions, or training programs, are not doing what they should be doing; but when you ask them to participate in helping to set forth what is required, or what they would like to see brought into existence, you do not get a unanimous answer, because you have, as I indicated, the large employer and the small employer. The large employer would like to have a specialist. The small employer just cannot afford specialists. The small employer has to have people who have an over-all knowledge, because quite often the operations he has to carry out are much greater than what the specialist can do.

I think a step has been taken in the last couple of years, speaking of the individualized construction type of training that has been developed in various parts of Canada, which is perhaps getting the input of industry more than ever before in the field of developing curricula.

**The Chairman:** I wonder if I could ask a supplementary there. If I read you correctly, Mr. Thompson, you seem to put the onus on industry for this type of training not having been proceeded with.

**Mr. Thompson:** No, I would not want to leave that impression with you.

**The Chairman:** I would hope not, because it would seem to me that it would really be a governmental responsibility to encourage industry in that direction, and if anything, it would be my perception that the government has clung too long and too steadfastly to institutional training, as opposed to industrial training. Indeed, this was the suggestion made by the Economic Council in the report on industrial training.

**Mr. Thompson:** I think there is one thing, sir, that you must recognize, and that we must take into consideration when we talk about institutional *versus* industrial training: that is that if you are talking of large industries,



where they have well organized and well developed training programs, and make provision in their financial distribution for training, that is one thing; but you have a large number of employers across Canada who are not in a position to afford well trained staff for training purposes, and they also have a number of people who know how to do something that was adequate yesterday but which is not adequate for tomorrow's job. You learn from Jerry, but if Jerry does not know the changes that have taken place, you are in a poor situation. I can think of one particular area that this is very common in, and that is in the area of communications. A lot of our communications systems find that just to bring in new recruits and have these people learn the same thing as Jerry knew reveals the fact that they were not ready to meet competition in other factors. So I think it is a matter of communication in both areas. I think it is a matter of communication and, as I indicated here, I think institutional and industrial training should be combined much more. In our agreements they are almost separated, and I think this is an error that we should be looking at.

**The Chairman:** Perhaps we can pursue that if it is not pursued in the general questioning later.

**Senator Manning:** Mr. Thompson, among the young people, in particular, that you have coming to you for institutional training, do you find a willingness on their part to take into account the concerns of industry in which they may be applying for jobs, or do they prefer the institutional training because it meets their personal desires more fully than they feel would be the case with industrial training?

**Mr. Thompson:** I do not think I have seen any indication that they prefer one to the other, but most of the younger people coming into the work force have no basic skills at all. They may have communication skills and mathematical skills, but as far as any particular specialty is concerned, they just do not have this. It is not in the existing educational system. And also in the Atlantic region we do not have that great number of employers who have a large training program. We have had a considerable increase in apprenticeship programs, but this has been devised in such a way that they take basic training in an institution and then they go on to their apprenticeship program, and all indications are that this is much more successful over a period of years than if they simply took a young fellow into a job where he would learn incidentally.

**Senator Manning:** In this agreement between the Government of Canada and the Government of New Brunswick there is provision for this New Brunswick Federal-Provincial Manpower Needs Committee, and the committee is given quite a long list of responsibilities, and it also provides for subcommittees, ad hoc committees and so on. Can you give us a brief rundown on how all this is working out? Have all these committees been set up, and what are they all doing?

**Mr. Thompson:** I would have to be very careful here not to show a bias when we talk of committees, because it seems that we have a great number of committees set up now and you sometimes wonder if you get as much done as you did in the days when you had three people, one federal, one provincial and one neutral and you just made a decision. We have established a federal-provincial manpower committee. Also in relation to that we have recently established a provincial manpower committee having the same members to represent the provincial element on the

joint committee. We have subcommittees, technical subcommittees, disadvantaged subcommittees and subcommittees of all sorts, all of which are functioning to a degree at the present time, and we have just recently named or are in the process of naming the Minister of Labour as being also the minister responsible for manpower policy in the province of New Brunswick.

**Senator Manning:** This committee, which has very broad powers, is really a new vehicle in addition to Manpower Centres themselves. How are these reconciled? I assume that before you had this committee the Manpower Centres were doing much of this work, to whatever extent it was being done.

**Mr. Thompson:** Speaking for New Brunswick, we have always had very close communication with the Department of Manpower and ever since they have had a provincial representative in Fredericton. Both on the operational and the training side we work with them very closely and with the establishment of the federal-provincial manpower committee. They have directed more of their activities through this committee and through their representatives on it, and I think we are starting to make progress. But we need a great deal more data and input from the employers as to their future plans and activities, and also more dialogue from the public at large than we have had in the past. There is the possibility within that agreement to do that.

**Senator Manning:** Was this manpower needs committee provided for under the agreement set up because of some view that the Manpower officers themselves could not do all this assessing work and evaluation?

**Mr. Thompson:** The joint federal-provincial manpower committee was provided for in the act when it was passed, but the powers have now been broadened by mutual agreement between the federal and provincial authorities, so that in the province of New Brunswick we have had federal-provincial manpower committees, but we have changed the composition of them in this last year and a half.

**Senator Manning:** Would it be a fair conclusion there that the Manpower Centres, by themselves, would not be able to obtain these results that you are able to get by this broader arrangement?

**Mr. Thompson:** That would be very fair. We have the Manpower Centres, and in some ways they resemble departments because each centre has its own particular objectives and its own understanding of the particular area, but when you have to put it together from an overall provincial view, then the joint representation provides you with a better vehicle to operate with.

**Senator Manning:** One of the things I was trying to get at was this. From the standpoint of the country as a whole, would it be a desirable thing to have a committee of this kind—whether there is an agreement or not—and would this meet, from your experience, some of the deficiencies that have been pointed out with respect to the operation of Manpower Centres, where they are not supported in this kind of broader based committee?

**Mr. Thompson:** Well, I do not think it is a case of either/or. I think it is a case of utilizing the facilities available more effectively than we have done in the past, and perhaps the joint federal-provincial committee needs to have more input. But there is also a need for closer co-ordina-

tion between all the agencies involved in manpower, because I look at manpower not simply in terms of the definition given in the Adult Occupational Training Act and where they spell out specifically what this type of person is. But from the provincial point of view you have total manpower, and maybe housing affects it or the amount of money that DREE puts into a program affects it.

**Senator Manning:** Has there been any relationship between what is being done under this agreement and programs under, say, Opportunities for Youth?

**Mr. Thompson:** No, this committee—the federal-provincial manpower committee—in the province of New Brunswick has not been involved with Opportunities for Youth.

**Senator Manning:** In the long list of responsibilities for this committee I notice that there is one that is to assess the results of training courses on projects and recommend improvements. Is this assessment work something that goes on continuously?

**Mr. Thompson:** Yes, it is, and it is something we have to do more of and have more dialogue on because in the smaller areas and communities you recognize that it is easy to start something, but then, as you go to phase it out, it presents an additional problem.

**Senator Manning:** The agreement also contains a provision headed "Selection of Trainees," under which the province agrees to co-operate with the Manpower counselors at the Canada Manpower Centres as required by the circumstances in the selection of trainees. Does this apply to trainees only for institutional training?

**Mr. Thompson:** Yes, it is basically for institutional training. Trainees in industry are generally workers employed by the particular industry.

**Senator Manning:** And their selection is carried out by the industry itself?

**Mr. Thompson:** Yes.

**Senator Manning:** Can you tell me, Mr. Thompson, with respect to those taking advantage of the institutional training, are they in the older or younger age group?

**Mr. Thompson:** I could not give you a percentage from memory. When the Adult Occupational Training Act was first introduced considerable emphasis was placed on older workers. One of the statements made was that under the Technical Vocational Training Act all the emphasis was put on youth and we forgot about older people. Considerable emphasis was put on that, and for a period of time we received an increase in the older workers, particularly those with lower skills and educational background. This, however, has changed somewhat in recent years, with the pattern shifting towards those in the 20- and 30-year age groups.

**Senator Manning:** Is this influenced by economic conditions?

**Mr. Thompson:** I believe so. We must also remember that many of those in the older work force had low education and with the educational requirements changing in a number of occupations they decided it was too high a level to even start planning and they did not opt to take up this type of training.

**Senator Manning:** Do many women apply for training?

**Mr. Thompson:** That number is increasing and, in fact, in the paramedical and nursing assistants program in the province of New Brunswick we train both the Manpower and provincial trainees. This was one of my points, that for 12 years in New Brunswick we were telling youngsters that if they finished high school the world would be their oyster, sort of thing. We then introduced this other policy, telling them to wait a year and we would give them training. We therefore have two types of training, one provincial and the other Manpower. We have the nursing assistants program in which there are a number of youngsters receiving provincial allowances, the province paying for it alone. We have an equal number of those who have been in the work force for a year or more and receive Manpower allowances, the province being paid for carrying out the training for them. This applies also to the business education area.

**Senator Hicks:** The statement is made at page 2 of your paper that high school students and university dropouts must wait one year.

**Mr. Thompson:** That is correct.

**Senator Hicks:** Is there an implication in that that it would be better if they did not have to wait that year, particularly since you say that certain categories of persons are provincially supported without waiting that year? Would you care to comment?

**Mr. Thompson:** As I indicated earlier, we have been telling youngsters that if they completed grade 10 they would earn \$100 more than those who left at grade 9, the figure increasing so that if they went on to become a doctor we did not know what the salary would be. You will remember those billboards.

**Senator Hicks:** That was dangerous advertising.

**Mr. Thompson:** However, we felt that youngsters should get as much out of education as they possibly could, but when they have completed high school in the present technical era they must acquire a skill. To tell youngsters to wait a year, we feel, is wrong, and if they show initiative and interest we are expected to provide this service. However, approximately one-half of those in our trade schools in the occupational areas are provincial trainees, being high school graduates who have proceeded to training.

**Senator Hicks:** Could you make a case, though, that Manpower should pick up its share of these people, without requiring them to have had one year in the work force, and see if they could get jobs for them?

**Mr. Thompson:** Our experience is that these younger people are as responsible as the older people and are gainfully employed. I can see no reason other than the one that was given, that we might entice students out of school because of the allowances. However, that is not the case with a high school graduate; he has already arrived there. So, if we are to be involved in training, in my opinion the federal government should consider the fact that a person is a high school graduate.

**Senator Hicks:** Would you have any waiting period of, for instance, six months or 12 months?

**Mr. Thompson:** No, it is unrealistic in today's society to require these people to obtain work first, because a large number of youngsters, the employment rate being what it is, cannot find any type of employment.



**The Chairman:** Is there anything to preclude the province from doing that?

**Mr. Thompson:** No, there is nothing to preclude the province; the provinces of New Brunswick and Newfoundland—

**The Chairman:** They could do it without reference to the federal government? The waiting period of one year is related to this Manpower agreement?

**Mr. Thompson:** That is right.

**Senator Hicks:** Is it the Manpower agreement which provides for the year's waiting, or is it the Adult Occupational Training Act?

**Mr. Thompson:** It is the Adult Occupational Training Act which provides that.

**The Chairman:** That compensation cannot be provided by the federal government?

**Mr. Thompson:** Either to the individual or to the province.

**The Chairman:** But the province would be free if it were willing to pay the compensation?

**Senator Hicks:** Yes, but I am testing Mr. Thompson as to whether he advocates that Manpower take up this responsibility, with the corresponding allowances and other arrangements applicable after one year's waiting, at some period short of the one year.

**The Chairman:** I was testing the other side of the equation.

**Senator Manning:** Are minimum educational standards set with respect to the trade training courses?

**Mr. Thompson:** Yes, but they are quite often set by the apprenticeship programs, unions or employers and we attempt to follow them.

**Senator Manning:** What about immigrants who might have educational or language problems?

**Mr. Thompson:** Courses in the adult education section are provided in both languages in mathematics, sciences and so on.

**Senator Manning:** But they must achieve a certain standard?

**Mr. Thompson:** Yes. We have recently embarked upon the general educational development plan, which is becoming more national in recognition.

**Senator Manning:** Do many new immigrants apply?

**Mr. Thompson:** No.

**Senator Manning:** At several places in this agreement the expression is used "not less than" a certain amount of money to be spent. I find that language strange, as most such agreements provide that "not more shall be provided or spent". What is the philosophy behind this?

**Mr. Thompson:** Is this in relation to training in industry?

**Senator Graham:** The phrase occurs in two sections, 20 and 29.

**Senator Manning:** Yes; in section 20(6) it is provided:

To make available, for the fiscal year ending March 31, 1976, not less than \$1,569,000 to be spent in the Province, in accordance with Canada's policies and regulations—

Every time reference is made to dollars it is always "not less than" that amount of money.

**Mr. Thompson:** This is to be found in a number of agreements. If you relate back to the first agreement that was signed between the federal and the provincial government, it was sort of an open-ended budget. There was not a specific amount set for each province. There was an agreement.

The past history has been that there was money added during the year to this amount, whereas in this budget they indicated there would be a floor which they would provide of not less than \$8.2 million.

What was asked by the federal-provincial manpower committee was much higher than the "not less than" figure listed here. In fact, we have a real problem that we are not going to be able to meet the need because of high unemployment and conditions as they exist in our region. There is a lot of training we are not going to be able to do, which we feel we should be doing from the individual's point of view.

**Senator Manning:** For that very reason, I would think, from the standpoint of those responsible for preparing these training budgets, it would be more meaningful if they knew they could spend "not more than" so many dollars. If you say "not less than", it is almost an invitation—

**Mr. Thompson:** This is an agreement between the federal and provincial government. They have assured us they will provide this much money.

**Senator Hicks:** If they want more services from you, then they provide more money at agreed rates.

**Mr. Thompson:** That is right.

**Senator Graham:** That was to be my first question. I am accustomed to the language of "not more than." Following on that particular point, what contribution is made by the province of New Brunswick to this particular program?

**Mr. Thompson:** If we are talking only of the manpower program, then we are talking of a buyer-seller relationship. So the federal government have agreed to purchase X number of dollars for training from the province of New Brunswick. If we are talking about the total manpower program, then we are talking in a broader base, because we are talking about those young people who are right out of high school, about training New Brunswickers who perhaps have to go outside the country to learn specific occupational skills. Those are all provincial costs.

**Senator Graham:** The province provides the teachers and the facilities?

**Mr. Thompson:** For example, the budget of the Community College for the province of New Brunswick this year will be a little over \$16 million.

**Senator Hicks:** How much will the federal government contribute to that service?

**Mr. Thompson:** The budget for all training in the province will be about \$8 million. About half.



**The Chairman:** The \$16 million is for what?

**Mr. Thompson:** That is the total budget of the New Brunswick Community College for training.

**The Chairman:** Does that include industrial training?

**Mr. Thompson:** No.

**The Chairman:** But the \$8 million would?

**Mr. Thompson:** The \$16 million would include some, but not very much.

**The Chairman:** And the \$8 million would include all the federal government's contribution to industrial training?

**Mr. Thompson:** That is right.

**Senator Graham:** You suggest in several parts of your paper that there is insufficient liaison and dialogue between the Province of New Brunswick and the Government of Canada—the federal Department of Manpower and Immigration. Have you any concrete suggestions on how this liaison might be improved?

**Mr. Thompson:** In relation to one of the questions that was raised here earlier, we talk of Opportunities For Youth, of LIP programs, of LEAP programs, of the new community employment strategy, and so on. To me there has to be more dialogue, because we can upset balances that exist within a province by putting funds in an area. The people as a whole are not concerned whether you have a federal tag or a provincial tag on this. If you do something and you help them out—it may be over a short term—they want that project to continue. Unless there is good dialogue between the provincial and federal people, something may be started which the province is not in a position to carry out afterwards. It creates a lot of problems.

**Senator Graham:** Do you see the same need for a dialogue, perhaps to a lesser degree, between the province and the municipalities?

**Mr. Thompson:** Yes. That is improving. We are taking steps to do this. In fact, with our Community College concept, we have set up machinery whereby we have more opportunity to do this.

**Senator Graham:** In planning your training program, do you have any liaison with other provinces within the Atlantic region?

**Mr. Thompson:** Yes, we do—with the other Atlantic provinces of Newfoundland, Nova Scotia and Prince Edward Island. There are some programs which are shared. We have shared in an industrial vocational teacher training program since 1963 or 1964. We have sat down and dialogued the needs of each particular area, including instructors for each institution and for industry.

**Senator Graham:** I understand also that a student or trainee from Nova Scotia who could not find a course in Nova Scotia could find one in New Brunswick?

**Mr. Thompson:** Yes. We have a general agreement between the provinces. The new agreement which has been signed has added a few more stumbling blocks, because before, whether or not we had 50 Nova Scotia students in our province taking training, Manpower paid for it, and it did not make any difference to our budget. But now, with 50 coming from Nova Scotia, it means that with their fixed

budget they have 50 less to train and we have 50 more to train. It has provided some problems, but we have worked out an arrangement whereby any student receiving training within provincial institutions, whether they are from Nova Scotia, New Brunswick or Prince Edward Island, can transfer.

**Senator Graham:** The agreement provides for monitoring results of training programs. Have you done any monitoring thus far—specifically with respect to the percentage of graduate trainees who have been placed, and the percentage of those who have remained in your province?

**Mr. Thompson:** We do that from the point of view of getting funds from the government each year, because the question is asked, "We are spending money to train these people. Where are they going—to Ontario, Quebec, or where?" In reviewing this, we have found in the last couple of years that about 80 per cent of the people on their first job have been staying in the province.

**Senator Hicks:** Before you move away from Senator Graham's question about the provincial input, that was the question I was going to ask. In at least four places in your paper you have statements like, "The provinces have to provide more input and planning. The provinces have to participate more than in the past. There is a need to involve provincial authorities much more as this phase is very important. More dialogue with provincial authorities is necessary"—and your very last sentence: "More provincial participation is necessary if future Manpower programs are to be successful."

Do I read from this a criticism of the lack of consultation between Manpower and Immigration and provincial authorities now? If so, whose fault is it, and will you comment in a little more detail, as Senator Graham asked you to do, on how you are going to improve this participation?

**Mr. Thompson:** I would think that from the very beginning of the adult occupational training Act, one of the problems that confronted most of the provinces was that there was not as much provincial participation as they felt there should be. In relation to whether it is only on the federal side, no, it is not. It is also on the provincial side, because a lot of the provinces did not have a manpower policy in the broadest sense. They are almost all developing a provincial manpower policy, because they recognize it is an important facet of our society. It is something like a number of industries. If you ask them how much they put in capital, they could tell you, but if you ask them how much they provide for training people, you would find there is no amount set forth.

So the provinces were building schools, providing a general education and spending a lot of money in universities, but were not concerned with the other 80 per cent or 82 per cent who were not going to university. More dialogue is taking place, but I emphasize there is need for much more provincial input into this.

In all of these activities, in this community employment strategy thing, we have to make sure that the provinces are involved in developing this and that it is not just somebody from outside who comes in and says, "This is the best thing to do for this area."

We have to be very careful with this, because we have a lot of problems. Whatever province you like to refer to has labour problems which can be unbalanced quite easily by input from outside. This does not apply only the Manpow-

er. It applies to other agencies of the federal government. There has to be careful dialogue with the provincial people, otherwise there will be more problems than there are now.

**Senator Hicks:** You are not implying a particular unwillingness on the part of the federal authorities or agents to undertake this discussion with the provincial authorities?

**Mr. Thompson:** No. If you relate it back to what I said before, it must be recognized that you just cannot take a national policy and cover the broad land and say that what works well in Toronto will work in Bonavista, Newfoundland, or on the south shore of Nova Scotia, or on the north shore of New Brunswick. The only way to recognize this and carry it out is with greater dialogue between the provinces and the federal government.

**Senator Carter:** I should like to clarify one point. I may have misunderstood what you said. I thought that in reply to a question by Senator Manning about committees you stated that there was a federal-provincial committee, as required by the agreement. Do I understand you correctly to say that there is another provincial committee in addition to that?

**Mr. Thompson:** Perhaps I could use an example. Say there were 12 people on the federal-provincial committee, six from the federal and six from New Brunswick. The six from New Brunswick are also on a provincial manpower committee, so you go to the joint federal-provincial manpower committee at least with an understanding by the provincial authorities of what they are working towards. Otherwise you go there with a deputy minister from each of the departments—labour, agriculture, economic growth and education—and one may not know what the other is doing.

**The Chairman:** How does this manpower needs committee vary from the departmental responsibility, since it includes very much the same people who would have been involved before? You would have asked their views really.

**Mr. Thompson:** This is a vehicle to ensure that they have expressed their views within a provincial context.

**The Chairman:** As I understand it from the agreement, all it involved are the heads of those federal and provincial departments concerned with manpower needs. The committee can second other people.

**Mr. Thompson:** Yes.

**The Chairman:** I do not know whether it does. Does it do that?

**Mr. Thompson:** Yes, we do.

**The Chairman:** Who would you second?

**Mr. Thompson:** For example, at the present time, the Department of Natural Resources does not have a representative on the committee. With some of the training that is going on they may be asked to present expert advice on certain matters.

**The Chairman:** But that is something you could have got under the old system, is it not?

**Mr. Thompson:** Oh yes.

**The Chairman:** I do not see what the basic difference is. A great deal has been made of these manpower needs

committees, and I cannot honestly see where they change it that much.

**Mr. Thompson:** My opinion is that they have given more responsibility to this committee. Before, it was almost an edict sent down, saying, "Here is so much money. Here is the training we want done." Now the federal-provincial manpower committee makes recommendations to the regional office, and in turn it goes the other way. As I said, the federal-provincial manpower committee in the province of New Brunswick at the present time, in making their submission, asked for considerably more than they received. This was a joint federal-provincial committee. When it was reviewed by the various levels of government they were assigned X dollars, and that is it up to now.

**The Chairman:** How precise have they been in their predictions of training requirements? How effective do you think they have been?

**Mr. Thompson:** I think they were within one or two per cent of what was made available to them last year with respect to people to train.

**The Chairman:** It is not really a very good criteria, that they would likely be in that position?

**Mr. Thompson:** No.

**The Chairman:** I guess there is really no way you can test it.

**Mr. Thompson:** There is no way you can test its effectiveness. Various surveys are carried out, say three months after a person has received training. Are we basing everything on the assumption that someone will always stay in the same job if he has skills and mobility? In fact, in a section of the province, if you get involved in major construction areas along with regular manufacturing, it will be found that people who have been for years in manufacturing shift to construction during the construction period, and then, if there are still openings, they go back into the manufacturing sector again.

**Senator Carter:** I am still foggy about how these two committees overlap. However, let that ride for a moment; perhaps it will come up again later on. One of the functions of this federal-provincial manpower committee is to assess future manpower needs. Can you give us some idea how they go about that?

**Mr. Thompson:** One of the vehicles that Manpower uses from the employee's or individual's point of view is the input they make by requesting assistance or training at the local Manpower offices. They also have a research division, a statistical division, in which they are able to garner figures and material indicating what the present work force is and what changes are taking place. We often ask them for information and data about what changes are anticipated. They have divisions of Manpower that are working with industry, trying to get information about their expansion and their projections. This is a most difficult task. I can recall having visits from people from Europe, who found this amazing, this Canadian industrial attitude towards projections compared to theirs; one did not want to share what they planned to do down the road.

**Senator Carter:** Do both committees try their hand at that?

**Mr. Thompson:** No. The provincial people use the Department of Labour. This is their responsibility



towards provincial input. We use the federal services to a great extent.

**Senator Carter:** That is for research. Have they had an opportunity to check back and find out how their forecast has measured up to what is actually required?

**Mr. Thompson:** From various reports they have submitted it would appear that it is still to the advantage of both the people and the general economy of the country.

**Senator Carter:** Has their accuracy, their batting average in their assessment of needs, been very good?

**Mr. Thompson:** I would say it has been of value in overall planning. It depends what parameters are used, whether you are talking about six months or a year or two years after the training program. Perhaps I misunderstood your question.

**Senator Carter:** I do not know what the situation is in New Brunswick, but the picture that has emerged, as I have understood it, from the evidence presented to this committee, is that the whole manpower training program is geared to finding jobs for people out of work rather than assessing future needs and training people in advance, so that when these needs occur they can match the people with the jobs that will come up.

**Mr. Thompson:** am I correct that most of the manpower training is geared to finding jobs for people who are out of work?

**Mr. Thompson:** The basic concept they started off with was placement, but over a period of time it has evolved that they are putting more emphasis on trying to make projections.

**Senator Carter:** What is your experience?

**Mr. Thompson:** I do not think we have done nearly as well as we need to, owing to technical changes which tend to make it more difficult.

**The Chairman:** I believe Senator Carter was asking whether you believe that the emphasis should remain on training people who are presently unemployed for immediate jobs, or whether the emphasis should shift more to training people for long-range needs of the labour market.

**Mr. Thompson:** I would qualify it by saying that we should be training more for the needs of society, recognizing that jobs are an essential part of society. We have to be careful that we do not forget about the individual, however, because we can get our training down to the point where a man can punch rivets or can weld, but if he cannot do anything else or does not recognize that he is part of society, that is a failing. In our overall training we have to keep that in mind and we need to have the best longer-range planning we can muster; but, with all the variables involved, even then it may not be good enough.

**The Chairman:** I think Senator Carter was suggesting that if that is the case, then the emphasis on training has to change quite markedly from what he perceives it to be today.

**Mr. Thompson:** Yes. I think it has to. I think it is beginning to change somewhat. If you compare the first activities of Manpower with what they are today, you will see that there has been a gradual emphasis shift towards the

long-range side, because merely training for short-term jobs will not meet the challenge. If you have 50 people out of work and you feel that you need to provide jobs for them—

**The Chairman:** You say that the emphasis is moving away from that?

**Mr. Thompson:** I think the indications are that it is starting to change. If the provinces become more involved it will definitely move in the other direction.

**Senator Carter:** On page 2 of your brief you make an interesting statement. You say:

... job seekers are much more selective; they may not want a job which provides employment all year, but one which is high paying and seasonal. People have more alternatives today. People want to work but on their terms (more so than ten years ago).

That is the first time I have come across that kind of statement. How general is that attitude, and does it apply to one age group more than another? If this is a general trend, how can you make any forecast for the future?

**Mr. Thompson:** A few years ago, when a person got a job, what he wanted to do in his other activities revolved around that job. In society today, however, more people decide on a way of life and then look for a means of obtaining that way of life. Let me give you an example. In the nursing field, in certain areas of the country there are shortages of nurses. However, if you look at the registry of nurses in the country it would appear that in terms of the population there is an adequate number of nurses. Why the shortage? From a statistical point of view everything looks perfect. When you look at it carefully you find that the answer is that many of the nurses do not want to work 12 months a year, or 11 months. Out of whatever the total number of nurses would be, 500 of them, say, will only do private duty nursing. Another group will not work during the summer months or will not work through the month of December, and so on.

You will find that that thinking holds true not only for nursing. In other words, one has to be careful in projections of statistics. We cannot simply take numbers without recognizing that there are changes in the working conditions.

The same thing is true of office staff. It used to be that when a proficient person was hired, he would stay in his job for a number of years. Nowadays, when a person is hired he might work for a couple of years and then decide to go to Europe for the winter. Even if you remind him that you may not have a job for him when he comes back, it does not seem to present him with any problem.

**Senator Carter:** One of the functions of our committee is to set up criteria for selecting people for various courses. Can you give us some idea of what grades you have in New Brunswick for entrance into various courses? For example, if a person wanted to take a welding course, what academic grade would he have had to acquire in order to qualify for that course?

**Mr. Thompson:** He requires grade 9 if he is taking one type of welding course. He requires grade 12 if he is taking the other, which is a much more technically-oriented course.

**Senator Carter:** When you say "grade 12," would that involve, for example, grade 12 history?



**Mr. Thompson:** In this case, no. It would involve mathematics, physics and general science. The high school education system today is far different from what it was even five years ago. It is no longer adequate for an employer to say he wants a high school graduate. The employer should really know what courses the student has taken. The student may have a high level of mathematics but a low level of communications skill. He may not have any history, but he may have art. Unless prospective employers have a look at the profile of the student they do not really know what he is capable of. Despite that, you still hear in personnel offices and other places, "I want a high school graduate." "I want a grade 10." But such qualifications do not mean much any more.

**Senator Carter:** Do employers generally request higher academic qualifications than are actually necessary for the job to be done?

**Mr. Thompson:** Some of them may for a specific job, because they recognize that once a person is an employee whatever training he takes costs the employer something. If for a particular operation they employ a person of limited capability in communications and of limited general education and a shift in technology occurs, very likely that person will no longer be of use to the employer. He then becomes unemployed. On the other hand, if the employer hires a person with higher education, he may be flexible and versatile enough to survive technological change.

If we were to lower the educational requirements for a number of these programs, we would then have to provide further training afterwards for the individuals in order to make them capable of adjusting to the technological changes which are taking place in almost all aspects of the work force.

**Senator Hicks:** Mr. Thompson, clause 4 of the agreement reads as follows:

Canada and the Province agree that the needs of the labour market and skill requirements of the trainees constitute the basic criteria in the designing of curricula by the Province and in the determination of the type and method of training to be used. It is further agreed that the Province through its training institutions may contract with industries to provide part of the training agreed upon under the institutional training part of this agreement. It is also agreed that industries may purchase from the institutions with the concurrence of the Province part or all of the training required by an employer under an industrial training contract.

Roughly what proportion of your training do industries pay for or contract for under this agreement?

**Mr. Thompson:** It would be a very small percentage. It is mainly where they require specialists.

**Senator Hicks:** It would be smaller in number than in the more industrial-oriented communities.

**Mr. Thompson:** Yes.

**Senator Neiman:** I wonder if Mr. Thompson would tell us how closely the provincial committees work with his Department of Education. You mentioned other departments, but I wonder how closely you are working with the Department of Education in preparing these people for

the types or skills that youngsters coming out of high school would need.

**Mr. Thompson:** We work very closely with the Department of Education because it has only been a year since we were separated from them as an arm of the Department of Education. The vocational branch was within it. It was subdivided and a part of it became the community college and the rest of it was merged in the public school system of the department. We have a very close liaison with the guidance counsellors and the school superintendents. In fact, in the adult education aspect of our education activities, we are working through the local school board and provide the technical training programs with the school board as well.

**Senator Neiman:** Do you have any procedure whereby you can pick up the students who drop out, whether they have grade 10, 11 or 12—as they seem to quite often—and give them further training or guidance at that point or take them into some other type of training?

**Mr. Thompson:** Not immediately, no.

**Senator Neiman:** Does this aspect come into your field of work?

**Mr. Thompson:** Our experience has been that if they leave school on Friday and we put them into another type of training on Monday morning, that is no good unless you solve the problem why the person drops out of school to begin with. If you do not do that, the problem remains.

**Senator Neiman:** I agree with that. However, my concern is built on what I know of some of our local high schools. They seem to be apt to encourage difficult students to drop out and therefore they turn the problem over to somebody else, instead of finding out the cause of the problem at that level.

**Mr. Thompson:** Of course, it is a different situation. We find that a number of youngsters, after a period of counselling, enter our training program, but we must recognize they are entering an entirely different atmosphere. In the public school system the boy or girl is there because mother and father decide they have to be there to get their education, or because the law says they have to be there until a certain age. The youngsters who come in for vocational education or training know that unless they keep up to a certain standard they may be sent away the next day. We have been able to help a number of them in that way, because they are treated differently. We have to expect that.

**Senator Manning:** Did I understand you to say that this needs committee is a twelve-man committee?

**Mr. Thompson:** No, I just used that figure. At the present, I believe, it happens that there are 13 altogether on the committee.

**Senator Manning:** Then it is roughly about half provincial?

**Mr. Thompson:** Yes, sir.

**Senator Manning:** You mentioned that you follow up trainees and you found about 80 per cent still in the province a year later. Are there ever any requirements attached under which those trainees do remain in the province, under these agreements?

**Mr. Thompson:** No.

**The Chairman:** On this question of moving the trainees away from the area, of which you were talking earlier, moving away from pure institutional training into employer-oriented training or training in which the employer would be partially or wholly involved, you referred to the problems that revolved around the inability of most employers to give that kind of training and probably end up training people for skills that were passing out of use or becoming less a requirement in today's job world. What do you see as a solution to these problems, given the probability that you want to get away from the institutional training and more into the pragmatic type of training?

**Mr. Thompson:** One of the things I see is that, because of the small industry we are going to have recourse to for training, a lot of small employers do not have these people, so I see a marrying of the two activities. There should be more training that is related to both industry and to institutions, the type of training that is carried out in some of the European countries, called the "sandwich" type of training, whereby a person engaged in the industry takes a day or an afternoon off each week and does his training that day at the nearby institution.

**The Chairman:** Would that be more effective with a program whereby industries were doing the program of training?

**Mr. Thompson:** We have to recognize that there are a number of other factors that enter in here that present problems. There is a sparsely populated area and that presents some problem. Also you take the number of people whom you need in some of these small industries. Perhaps you are talking of a work force of 20 or 30 people. One industry on its own cannot afford to have a specialized training program. We have taken steps in New Brunswick under which we train a number of industrial trainers who work in industry as a regular job and then work in the special training program in institutions in order to provide trainees. This is particularly true in the forest industry.

**The Chairman:** Has very much been done in the smaller industries? Possibly a lot has been done in medium sized or larger industries, but has very much been done by your organization in training employers in how to train? It seems to me that one of the problems they have is that they do not have any concept of how to go about a training operation or how to set it up. The larger employers do have that knowledge.

**Mr. Thompson:** In the forestry industry they perhaps have one or two on the staff who are specialists in training.

**The Chairman:** I was not thinking of that so much as of showing them how to set up a training course. A lot of medium sized or even slightly larger than small employers have no idea. They would provide training if somebody would show them how to set up the course. Would you agree that that is the case?

**Mr. Thompson:** I agree that that has merit. I feel that with the new program, that is part of our agreement with the federal government, and with the training improvement fund, which like every other fund is too small, from the provincial point of view, this could be something whereby we would be using people from industry. We take those people from the beginning. I do not know whether

you have been involved in this type of exercise. If you take any particular trade, we sit down with the people who are specialists and who are working day to day in that trade and they can tell us what those people need to know in that trade. Then we chart out a program of what the actual skill operations would be that the person would need to know. If a man wants to do electricity or welding he must be able to turn a switch or know his electrodes and so on. These things are all put in an outline and then they are taken into the work, and in this area we know they have to have the skills. You do go through these exercises and it carries over to the point that they are now practising on material. I think one of the best examples is that just recently we completed an agricultural business administration course. A lot of farmers, who do know how to farm but do not keep their books as well as they should, are able to sit down and follow this course. We sit down with those farmers and we work out things with them. We have material for them to practise with so that they can learn something about single entry and double entry book-keeping. We take people who are involved in this type of activity and they become much better in understanding the development of the program.

**Senator Hicks:** Who pays for that?

**Mr. Thompson:** The federal government pays for it under the federal improvement fund, and the province pays, too.

**Senator Hicks:** There is a federal input also?

**Mr. Thompson:** Yes.

**Senator Neiman:** I am thinking that part of the question is, have you done anything actually to go into a plant and show an employer how he should set up a training program, and how you could help him set up a training program within his own plant, for instance?

**Mr. Thompson:** We have done that with some of the larger employers, but not the smaller ones, perhaps because of lack of interest on their part.

**The Chairman:** It is lack of interest on their part? It would not be true to say that it is inertia on your part, because of the tremendous investment the province has in institutional training?

**Mr. Thompson:** No. The over-all concept of the institution that I am chairman of is that if the need is for 3,000 people, fine. If the need is only for 1,000 people, that is fine too.

**The Chairman:** I do not mean that as nastily as it sounded!

**Mr. Thompson:** I did not take it that way, Mr. Chairman.

**The Chairman:** It is, however, one of the things we have to probe. You do not think there is an inertia in respect of the fact that this institutional organization is set up in this way?

**Mr. Thompson:** Not from within the institution. From within the community there is a certain degree of inertia, yes. The attitude is, "We have something here and it must be kept."

**The Chairman:** What community are you talking about?

**Mr. Thompson:** The local community, a town which has such an institution. They look at it and say, "Well, look,



you just cannot drop the enrolment in this institution. It means this and this and this." But as far as the over-all philosophy and objectives of the New Brunswick community college are concerned, it is programs, not buildings, whether it is in industry or wherever it may be, and that is the purpose we are trying to realize.

**The Chairman:** You would be very open to those sorts of thrusts, then.

**Senator Carter:** Mr. Thompson, this agreement between the federal government and the Province of New Brunswick is for two years.

**Mr. Thompson:** That is right.

**Senator Carter:** On page 3 you say:

Funding on a long term financial base is essential for effective planning with additional funds to meet specific new problems as they arise.

Are you inferring there that two years is not long enough?

**Mr. Thompson:** That is right.

**Senator Carter:** What would you call "long term"?

**Mr. Thompson:** I think we should have at least three or four years, because, if we are talking of long term planning, we are not talking only of skills, we are also talking of the individual. One of the problems that arises is from perhaps not utilizing the dollars to the best advantage: for example, when you wait until the end of March, or until February, to know whether you are going to have any funds starting in September, and whether you have them for a year, or whether you are going to have anything for the next year. I do not think we have utilized the taxpayers' dollar to the full advantage, and I think that applies in any area in which we are involved in training people.

**Senator Carter:** This agreement makes a commitment of \$8.2 million for training. Can you give us, based on previous experience, some idea of how that money will be spent, broken down between basic training, skill training, apprentice training, and the other different kinds of training? Where will the bulk of it go?

**Mr. Thompson:** The bulk of it will go in skill training, about 60 per cent, I would say.

**Senator Carter:** And what would come next?

**Mr. Thompson:** Well, if we are talking dollars, it would be about equal between BTSD and apprenticeship training. If man-days is what we are talking about, there would be more man-days, because it is cheaper on BTSD.

**Senator Carter:** The trend last year in New Brunswick went down. The number of institutional training days purchased in 1973 was 411,026 days. In 1974 the total was down to 350,376 days. There was a decrease in skill training. The number of hours of skill training went down from 212,085 to 200,804. Your basic training went down from 174,920 in 1973 to 120,063 in 1974. What does that signify?

**Mr. Thompson:** There are two factors that you could consider there. One is the opportunities for employment in the construction area, which pays high wages. Another is the high unemployment rate in another area where, to take a BTSD training as an example, they did not identify that there was any job or hope of going to a job afterwards.

**Senator Carter:** Can you give us some idea of how this \$8.2 million will be divided up among the various institutions in New Brunswick? Will it all go to one institution?

**Mr. Thompson:** There is actually only one governing body as far as institutional training in the province of New Brunswick is concerned, and that is Community College; but we have various branches or campuses, if you want to use another word, in different parts of the province. We do all institutional training for the apprenticeship people, which comes under Manpower.

**Senator Carter:** Oh, I did not realize that.

**Mr. Thompson:** You see, we have five regional boards. The province is divided into five areas, and there are five regional boards which are mainly a communications link, and then there is the board of governors. Policy and finances are determined by the board of governors.

**Senator Carter:** Do you give all sorts of vocational training and technical training and basic training up to grade 12?

**Mr. Thompson:** Yes.

**Senator Hicks:** You do not do basic training up to grade 12.

**Mr. Thompson:** Yes, we do—BTSD.

**Senator Hicks:** Explain what you mean by that, then.

**Mr. Thompson:** Basic training for skill development.

**Senator Hicks:** Yes, but not grade 12 comparable to the public school system. That is what I mean.

**Mr. Thompson:** No.

**Senator Manning:** Is there a campus in each of these five regions?

**Mr. Thompson:** Yes. In some of the regions there are two.

**Senator Carter:** Are you aware, then, of the work that is being done in the NewStart program in Prince Albert, Saskatchewan, in basic training?

**Mr. Thompson:** Yes. I am very aware of it, because we have had people involved in it and I have been on the board of directors of the NewStart program that was set up in New Brunswick.

**Senator Carter:** Have you been able to employ some of their methods?

**Mr. Thompson:** Yes. We have improved on some of them, as well.

**Senator Neiman:** Mr. Chairman, I do not know whether this question has been asked, but I wonder if Mr. Thompson has said anything about whether he considers the other programs, such as OFY, LIP and LEAP, beneficial in the overall?

**Mr. Thompson:** Well, I think, on a very short term basis, they have helped in a number of areas; but I think there are some problems they have created as well. As I indicated before, there should be more communication between the various agencies putting these programs on at the federal and provincial level, because sometimes you start something, you carry it for so long and then suddenly it is shut off. The people are not concerned about who the



dollar comes from, and they say, "Someone has to pick it up," and so the provincial people have that responsibility.

**Senator Carter:** This agreement is between the provincial governments and the federal government under the federal-provincial agreement. For practical purposes it is really an agreement between New Brunswick Community College and the federal government, is it not?

**Mr. Thompson:** No. The New Brunswick Community College, basically, is a training agency, and therefore we do most of the training aspect of it. The training in industry, which is part of the agreement, is shared between the Community College and the Department of Labour and Industry. We do the monitoring, and this type of thing, but we specialize, basically, in training.

**Senator Carter:** Apprenticeship last year, 1973, was 24,021, and it went up in 1974 to 29,509. Apart from that, the rest of it comes under Community College?

**Mr. Thompson:** Yes.

**The Chairman:** Are there any further questions? If not, I would like to thank you very much, Mr. Thompson, for taking the trouble to come before the committee. You have been most helpful, and we appreciate it very much.

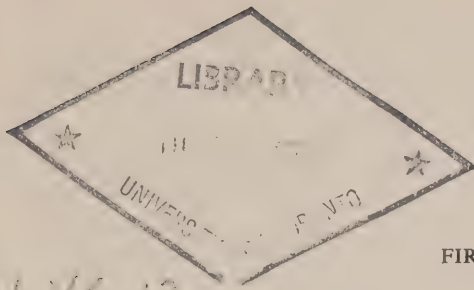
**Mr. Thompson:** Thank you.

The committee adjourned.

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1974-75

## THE SENATE OF CANADA

PROCEEDINGS OF THE  
STANDING SENATE COMMITTEE ON

# NATIONAL FINANCE

The Honourable DOUGLAS D. EVERETT, *Chairman*

The Honourable HERBERT O. SPARROW, *Deputy Chairman*

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Issue No. 22

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THURSDAY, MAY 22, 1975

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### Seventeenth Proceedings

The examination of the Estimates of the Manpower Division  
of the Department of Manpower and Immigration for the  
fiscal year ending the 31st of March, 1975

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(Witnesses: See Minutes of Proceedings)

STANDING SENATE COMMITTEE ON  
NATIONAL FINANCE

The Honourable D. D. Everett, *Chairman*;

The Honourable Herbert O. Sparrow, *Deputy  
Chairman*

The Honourable Senators:

Barrow, A. I.	Hicks, Henry D.
Benidickson, W. M.	Langlois, L.
Carter, C. W.	Manning, Ernest
Côté, J. P.	Neiman, Joan
Croll, David A.	O'Leary, M. Grattan
Desruisseaux, P.	*Perrault, R. J.
Everett, D. D.	Prowse, J. Harper
*Flynn, Jacques	Robichaud, L. J.
Giguère, Louis de G.	Sparrow, H. O.
Graham, B. Alasdair	Welch, F. C.
Grosart, Allister	Yuzyk, P.—(20)

\**Ex Officio* member

(Quorum 5)



# Order of Reference

Extract from the Minutes of the Proceedings of the Senate, December 17, 1974:

Pursuant to the Order of the Day, the Senate resumed the debate on the motion of the Honourable Senator Everett, seconded by the Honourable Senator Cook:

That the Standing Senate Committee on National Finance be authorized to examine in detail and report upon the Estimates of the Manpower Division of the Department of Manpower and Immigration for the fiscal year ending the 31st March, 1975.

After debate, and—

The question being put on the motion, it was—  
Resolved in the affirmative.

Robert Fortier,  
*Clerk of the Senate.*

# Minutes of Proceedings

Thursday, May 22, 1975

Pursuant to adjournment and notice the Standing Senate Committee on National Finance met this day at 9:30 a.m.

*Present:* The Honourable Senators Everett (*Chairman*), Carter, Croll, Desruisseaux, Hicks, Manning, Neiman and Robichaud (8).

*Present but not of the Committee:* The Honourable Senators Thompson and Denis.

The Committee resumed its examination of the Estimates of the Manpower Division of the Department of Manpower and Immigration for the fiscal year ending 31st March, 1975.

The following witnesses were heard:

*Canadian Food Processors Association*

Mr. Elmer T. Banting, Executive Vice-President  
Mr. Oke, Member of the Association  
Mr. Coates, Member of the Association  
Mr. Penner, Member of the Association

*(In attendance)*

Mrs. Vinette, Member of the Association

*Canadian Restaurant Association*

Mr. Jack Hemmings, Vice-President  
Mr. Robert Spencer, President, Ontario Region  
Mr. C. Clyne, Member of Executive

*In attendance:*

Mr. J. H. M. Cocks, Director of Administration;  
Mrs. Barbara Reynolds, Research Branch, Library of Parliament; Mrs. Helen Small, Parliamentary Centre.

At 12.00 p.m. the Committee adjourned until 3:30 p.m. May 28, 1975.

ATTEST:

Georges A. Coderre,  
*Clerk of the Committee.*

# The Standing Senate Committee on National Finance

## Evidence

Ottawa, Thursday, May 22, 1975.

The Standing Senate Committee on National Finance met this day at 9.30 a.m. to examine in detail and report upon the estimates of the Manpower Division of the Department of Manpower and Immigration for the fiscal year ending March 31, 1975.

**Senator Douglas D. Everett** (*Chairman*) in the Chair.

**The Chairman:** Honourable senators, we will continue with our hearing on the Manpower Division of the Department of Manpower and Immigration.

At the inception of these hearings we asked for some evidence from various associations representing business firms in Canada. We received a large number of replies, and we selected two of what we consider to be the best and most appropriate replies for the purposes of these hearings. Accordingly, we have as witnesses today the Canadian Restaurant Association and the Canadian Food Processors Association. On my immediate right is Mr. Elmer Banting, Executive Vice-President of the Canadian Food Processors Association, and on his right Mr. Jack H. Hemmings, the Vice-President, Government Relations, of the Canadian Restaurant Association. These gentlemen have opening statements to make, and in addition to that they are accompanied by a number of their colleagues, I assume they will want to introduce in the course of their opening statements.

With your permission, honourable senators, we will proceed with the opening statements. It is agreed?

**Hon. Senators:** Agreed.

**The Chairman:** We will proceed with you first, Mr. Banting.

**Mr. Elmer T. Banting, Executive Vice-President, Canadian Food Processors Association:** Thank you, Mr. Chairman, and honourable senators.

First I would like to introduce my colleagues. Mr. Don Coates is Employee Relations Manager, York Farms Division of Canada Packers. Mr. Russell Oke is Director of Administration, Libby, McNeill & Libby of Canada Limited, and Mr. Henry Penner is Area Personnel Supervisor for Canadian Cannery Limited. These gentlemen are very deeply involved in working with Manpower, and with the personnel in their own organizations. They are prepared to answer any questions you may wish to put to them.

First I would like to say a little about the Canadian Food Processors Association, to let you know just who we are. We represent about 100 firms who can and freeze about 85 per cent of the fruit and vegetable products, and produce allied products, in Canada. Our members include the well known names that most of you are

familiar with from coast to coast. A list of these members is attached to our submission.

May I first of all go on record to say that we have had very close co-operation from the Department of Manpower. We have appreciated this co-operation and have worked very closely with their officials. We feel the department has come a long way in the last few years, and we certainly do appreciate working with them.

Our industry is very, very closely related to agriculture, or the farmer. We believe that the farmer needs us to process his crops, and we need the farmer to supply our raw materials. We feel that for this reason processors should be recognized as an agriculture-related industry, and that we should qualify for certain programs which are now available only to agriculture, or the farmers.

We sincerely trust that everything we say here today will be accepted as constructive criticism, and that it will hasten the development of Manpower's future programs, which will help the entire industry.

I would like to give you just a few statistics to put the whole picture into proper perspective. There are 247 establishments or plants located from coast to coast. In 1972 factory sales were \$631 million. This is just for the fruit and vegetable area and not for allied products. We estimate \$750 million, or three-quarters of a billion. With today's inflation, in 1974, this is well over \$1 billion. In 1972 we paid out \$116 million in salaries and wages, and we estimate this to be about \$150 million at the present time.

According to Statistics Canada, in August 1972 we employed about 22,000 people, and on a survey carried out in our own industry in 1973, in Ontario alone, where 75 per cent of the production is carried out, there were 15,000 seasonal jobs. You will find that we will be talking mainly about seasonal employment this morning.

As I mentioned, our industry is strictly agriculture-related. We require large volumes of seasonal labour for a relatively short period of time, namely, six to eight weeks. It is a labour intensive industry, especially with regard to such processes as tomato packing and peeling. This requires a lot of hand labour. We have little or no flexibility in our programs. Crops have to be processed within hours of being harvested, and they have to be harvested within hours of their reaching ultimate quality and ripeness. We therefore have to have large volumes of seasonal labour when the crops are ready to be processed. It is a very competitive industry. It is competitive within itself, but we are also in a very competitive situation with regard to imports from other countries. In fact, we are very concerned about what is happening in Canada at the present time. As a matter of interest, our imports are climbing very, very dramatically, and our exports are declining. One of the reasons for this is that in 1972



the average man-hour wage paid in our industry in the United States was \$3; but in Canada it was \$3.59. Fruit exports, for example, in 1962 to 1966 averaged \$16.5 million. In 1973-1974, this had dropped to \$11 million. Canned fruit imports have gone from \$54 million to \$79 million. Canned vegetable exports had dropped from \$55 million to \$24 million, and canned vegetable imports had increased from \$64 million to \$148 million during the same period of time.

There is no other industry under the scrutiny that our industry is undergoing at the present time, not only from the consumer groups, but, as some of you gentlemen well know, we have appeared twice before parliamentary committees in the last few years and have now a Food Prices Review Board that is looking over our shoulder all the time to make sure we are not charging too much, and that there is not too much profit involved in the industry.

As I mentioned, we require large amounts of seasonal unskilled labour. These people are paid marginally above minimum wages. However, many of our plants are unionized, and we have minimum unionized scales. For skilled and semi-skilled employees, on the other hand, we have to compete with the industry in the area, and this includes the automotive industry, because some of our plants are located in the same areas where automotive plants are located so we do have to pay similar wages for our skilled and unskilled labourers in those areas. Much of our seasonal labour, about 85 per cent, comes from housewives and students, who often return each and every year. These people do not want full-time employment. They like to work for six or eight weeks of the year to make a little extra money, and unfortunately some of them like to work so that they can collect unemployment insurance following their qualifying period of time.

As I mentioned, we are large users of seasonal labour, and 95 per cent of this is registered with Manpower. For that reason I think we can comment on Manpower's efficiency, and as far as seasonal labour is concerned, we have found very little criticism in the questionnaires we sent out to our members. Particularly in some areas where our plants are concentrated, such as in south-western Ontario, we feel that the Manpower Centres, by and large, are doing a pretty fair job. Some are doing an exceptionally good job, where the managers have taken the initiative, and had seminars with our people and with the counsellors. We find that these counsellors do a very efficient job, but unfortunately, when seasonal labour is referred to us from other areas the counsellors in those areas know little or nothing about our industry, and when these people arrive, quite often they are not satisfactory at all.

One of the points we will try to bring out today is the need for more education for counsellors, as far as counselling is concerned, so that they can more adequately supply the type of employee that we require. When we get referrals—I am just mentioning such areas as Sudbury, Lac St. Jean, Newfoundland—the people there do not understand what it is involved in food processing. We feel that this is a very important area that Manpower can work on.

The Caribbean program or offshore program has been a lifesaver as far as our industry is concerned and this

program has been developed by Manpower. Without it we could not operate. Last year 5,300 people were brought in from the Caribbean and Mexico and our industry used between 1,200 and 1,500 of them. I would like to point out that they are not cheap labour. Not only do we pay the minimum wage but also pay the union minimum wage. We have to pay for the transportation, we have to pay for the housing and pay for a percentage of their meals while in Canada. So they are not cheap labour. But they are dependable labour and we can count on them. They are under contract. They will work for six or eight weeks and we know that they will be there. We had a 98 per cent success with them and they do a fine job.

Compare that to our experience with Canada migrant labour. Our history with migrant labour has been very poor indeed. We find we cannot have a guaranteed source of labour force. We have many screening problems, particularly with those coming from other areas. There is no continuity of the labour. You never know whether they are going to be there tomorrow when the crop is ripe and ready for processing. Whereas, with the offshore migrant coming under contract we can count on them.

I would also say that we can certainly count on the housewives and the students to do an excellent job, but when it comes to about the middle of August and the students decide they need two weeks' holidays before going back to school and the housewives decide they have to quit because the children are going back to school, come the first of September we have real labour problems.

The other problem that we find, as I mentioned already, is that too often the local Manpower officers really do not understand our industry. In some areas they are doing a fine job, with the different managers taking the initiative. However, as far as skilled labour is concerned, there is a low percentage of skilled labour, especially when they are looking for a new job, apply through Manpower. For that reason, when we are looking for skilled or semi-skilled labour we seldom go through Manpower, but we use consulting services or agencies. These agencies can do a great deal of screening for us. Perhaps we have to look at the Manpower situation. It may be that in Manpower there is a lack of manpower today to do an efficient screening. It may be that this is one of the problems, that the Department of Manpower does not have the manpower available to do an adequate job of screening for skilled and semi-skilled labour. That is one thing that should be looked at.

In our recommendations we have spoken already about the need for a better understanding by the counsellors. However, I point out that we find that in the last few years there has been a great improvement in the quality of counsellors. They are more professional and are better qualified, especially the newer recruits to the Manpower Centres. Perhaps we should speed up a program of retirement for some of those who have been there for some time.

We would like to see initiative from the branches in educational programs. The Canadian Food Processors' Association would be delighted to see that, and we have told the Manpower that we will be pleased to help them to set up seminars in which we could learn more about

Manpower programs and counsellors could find out more about our industry.

There is one particular area where we feel that our industry should qualify, and does not at the present time, that is the housing and transportation assistance program. We are an agriculture-related industry and subsidies are available to farmers for housing and transportation at the present time but they are not available to us. We certainly appreciated the offshore programs. This was developed originally for the farmers to help harvest the crops and we have been able to take advantage of it and it has worked well for the farmers as well as the food processors, because the more people we get the more labour is available to farmers, and vice versa.

Mr. Chairman, in conclusion, I would like to reiterate that we are pleased with the co-operation we have had from Manpower. We hope that some of the programs that have been mentioned in the discussions will be given top priority and they will benefit everyone. Again, Mr. Chairman and honourable senators, it has been a pleasure to appear before you.

**The Chairman:** Thank you, Mr. Banting.

Now, Mr. Hemmings.

**Mr. Jack H. Hemmings, Vice-President, Government Relations, Canadian Restaurant Association:** Mr. Chairman and honourable senators, we also appreciate this opportunity to come before the committee to explain in more detail some of the manpower problems that beset the industry. I would like to introduce two Canadian Restaurant Association members who have come to Ottawa with me. One is Mr. Robert Spencer, who is President of the Ontario Division of the Canadian Restaurant Association. Mr. Spencer is President of Obie's Loves Families Restaurants, which is a group of restaurants in the Toronto area. They are not all situated right in the city but they are in the Toronto area and, as the title indicates, they serve food to families at moderate prices and enjoy a very good business. The other gentleman is Mr. C. Clyne. Mr. Clyne is Division Vice-President of Commonwealth Holiday Inns and also a Director of Personnel for that company. All of us who travel in Canada are familiar with his company, having stayed there at some time or other, as I am sure most of us have. The reason these two gentlemen are with me is because they are both very much involved with manpower and represent two distinct facets of the industry—one is accommodation and food service, and the other is food service.

It was agreed that my opening remarks should be kept short so that there will be ample time for discussion and questions that will be put by the members of the committee.

We are particularly pleased to have this opportunity because the accommodation and food services group has become a major employer and in some provinces and areas manpower problems are critical.

Until recently the industry was not recognized as the important employer that it is, but figures compiled show that there are about 400,000 employees in the industry, which is nearly 5 per cent of the work force. It provides

many job opportunities in a number of categories. In 1975 the estimated sales for the industry will be over \$4 billion.

At present it is estimated that one meal in three is eaten away from home. Forecasts indicate that by 1980 it will be one meal in two. Food service is the fastest growing segment of the entire food industry in Canada.

One of our major concerns is that 25,000 to 30,000 new employees are required in this industry each year. It is a dynamic growth industry and creates opportunities for rapid advancement; but this growth points up the need to discuss our problems with Manpower and find solutions, or the growth of the industry will be seriously curtailed.

The expansion of the industry is not confined to one province or region but it is taking place right across the country, which makes it a kind of level employer right across the country.

Another concern is the large number of individual employers in the industry. This adds to the immense manpower problems. Of the more than 40,000 establishments in Canada, less than 15 per cent are chain operated, which means that there are many thousands of independent operations, ranging from establishments providing two, three or four jobs to those employing large numbers.

This makes the use of Manpower training programs difficult on an industrywide basis, because of the amount of detail involved in putting the programs into effect. With Manpower we have enjoyed liaison, particularly on the upper levels, and we have discussed our problems many times. So across the country our liaison is good in some areas and poor in others. We would like to see more people channeled into industry. We would like to see specialists in Manpower who understand the industry's problems and can be more helpful to us because of that.

Mr. Chairman, that is all I have to say at the moment.

**The Chairman:** Thank you, Mr. Hemmings. Just before we continue, I should inform the committee that we will be meeting on May 28 at 3.30. The witnesses will be the Vancouver Board of Trade and the Montreal Board of Trade.

**Senator Carter:** Mr. Chairman, a number of employers have appeared before us. They have had a common complaint against Manpower that, for the most part, the employees sent to them are not sufficiently screened. The feeling is that counsellors are not sufficiently familiar with the types of jobs they are trying to fill. Is it a matter of the counsellors not having the initiative to find out the information, or is it because the prospective employers do not give sufficient information to the counsellors? How do you go about describing jobs when you apply to Manpower? Is there a stock form you have to fill out or are there separate forms for separate jobs? Would you enlarge on that, please?

**Mr. Banting:** Mr. Chairman, I would like to refer that question to Mr. Henry Penner.

**Mr. H. Penner:** Mr. Chairman, I do not know exactly what is the number of the forms they fill out. The Manpower people could tell you that. Basically, when we put in an order for so many people we indicate what the job



is and what is required and whether it is hard or light labour. We indicate the rate of pay, the hours of work and so on.

**Senator Carter:** Do you use your own forms?

**Mr. Penner:** No, we use Manpower forms.

**Senator Carter:** Have you ever suggested that the Manpower forms be revised to make them more useful for your work?

**Mr. Penner:** No.

**Senator Carter:** Who fills out the Manpower forms?

**Mr. Penner:** The Manpower officials fill out the forms.

**Senator Carter:** How is the information conveyed to the Manpower official in order for him to fill out the form?

**Mr. Penner:** Either by telephone, depending upon the urgency of the need, or by our going down to the Manpower office and giving him the information there and answering any questions he might have.

**Senator Carter:** I have the impression that there is some kind of communication breakdown between those requesting that positions be filled and those trying to fill them, if, as seems to be the case, the person who is being employed turns out to be completely unsatisfactory. Should the Manpower counsellor be asking more specifically for information or should the burden be on you to make sure that he has the information he requires in order to fill the job properly?

**Mr. Penner:** We try to convey as much information as we can to the counsellor, but we have no control over who is sent to us. When they send people who are entirely unqualified, perhaps it is because they just do not turn them down or because they are marginally qualified. There also may be a need for us to give them more information, although we do give as much information as we feel is necessary and they request.

**Senator Carter:** You give the information you feel is necessary for a reasonable person to understand what you want.

**Mr. Penner:** Yes.

**Senator Carter:** But you sometimes end up with a person who does not fit the description at all. How do you account for that?

**Mr. Penner:** I think we have covered that: poor screening.

**The Chairman:** On page 2 of the brief from the Canadian Restaurant Association, item 1(d)(iii) states as follows:

Manpower Center, use the Canadian Classification and Dictionary of Occupational Titles as a guide in directing prospective employees to particular job opportunities. In the opinion of the Canada Restaurant Association's Educational Chairman, the Dictio-

nary of Occupational Titles is vague in its terminology in some areas and is difficult to fully understand if one is not experienced in the food service industry.

Would you comment on that?

**Mr. Hemmings:** I would ask Mr. Clyne to comment on that, Mr. Chairman.

**Mr. C. Clyne, Member of Executive, Canadian Restaurant Association:** Mr. Chairman, honourable senators, we have found it useful to provide our own set of reasonably detailed job descriptions to the Canada Manpower counsellors. Specifically I refer here to a new inn opening, where we are going in and opening a new property and perhaps hiring 100 or 130 people. We initially provide a complete set of our own job descriptions.

**Senator Carter:** Mr. Chairman, I am called away for a moment. Senator Croll has graciously agreed to take over my questions.

**Mr. Clyne:** We have found it beneficial to provide a set of our own job descriptions which we feel are all-inclusive, and the Manpower counsellors seem to find them valuable. There is in the food service industry a lot of terminology which is not what one would call general knowledge. This causes problems.

**Senator Croll:** When you are hiring unskilled labour, what do you need to tell them, apart from the fact that you need so many people for such-and-such a job?

**Mr. Clyne:** It is necessary to provide information as to working conditions, hours, wages, benefit programs. Even the unskilled workers want to know what they are going to get for their efforts. That information has to be provided to manpower as well so that they can recruit selectively for us.

**Senator Croll:** Assuming you were sent people who were unsatisfactory, what would you do, what course would you follow?

**Mr. Clyne:** Normally, there is an ongoing communication between the personnel manager at a given inn and a Manpower counsellor. Normally, there is a chap at Manpower with whom you work. It is a matter of communicating with him, and saying that this person was unsuitable because he was not willing to work nights, or because he did not want to work weekends, or, again, because he was at an unskilled level. Furthermore they should be trainable. Normally it is in a situation other than the job where the problem occurs.

**Senator Croll:** Are you dealing with the same counsellor all the time?

**Mr. Clyne:** Generally speaking, yes.

**Senator Croll:** So that after a while you get to know him?

**Mr. Clyne:** Yes.

**Senator Croll:** So then, if after three such occasions you have had a bad experience with him, what do you do then?

**Mr. Clyne:** Ultimately if you are not getting satisfaction from a counsellor you go to the next man up in



the hierarchy, you go to his boss and say, "Look, I am having a problem because...", but normally one can work it out with the counsellor. Again, we feel that is where the problem has been. If you maintain a relationship with Manpower and if you communicate with them and invite them over to your establishment, then they get a better feeling for what you are concerned about if they can see your environment.

**Senator Carter:** The chairman raised the question of the dictionary of occupation and the Canadian classification which apparently are a bit fuzzy and do not give a very clear description. Have you any suggestions about scrapping these and changing them or improving them?

**Mr. Hemmings:** Yes, honourable senators, we feel they should be updated. The Canadian classification and dictionary of occupations has been in effect for a number of years and there has been a number of changes take place in the whole atmosphere of the industry and its needs and these things definitely should be updated.

**Mr. Banting:** I would like to have Mr. Russell Oke comment on this very same question we are talking about here—relationships with the counsellor—because in some cases we have different people that we have to go through.

**Mr. Russell Oke:** Mr. Chairman, I think the dictionary of occupations really does not affect us to too great an extent when you are talking about unskilled labour because the kind of labour you want to work in a canning factory falls into one classification. I think this is a case where we have to go beyond classifications and get around to the actual conditions within that particular plant, and this is where in our industry we feel that Manpower has done a significant job in some areas, depending on the manager in that area, in getting his counsellors out to view the type of job that has to be done. For example, if it is heavy labour, like moving cases weighing 50 pounds, a person who is very slight and who does not have much strength would not be suitable for that. But in a canning factory there are many different types of work and, therefore, we feel that the work done by Manpower in the unskilled area is relatively satisfactory. Many people are referred and most of these will fit some job within the industrial environment. Of course in our own factory we might require 500 or 700 people in a matter of a week or two, so you can have quite a lot of jobs available. But the key points we are talking about are these. First, there were in the industry some bad experiences in past years related to bringing people in from other parts of the country. That is where you do not have enough people in your own area and you have to go to some other area of the country to find people, and they may have no experience whatever in food processing.

**Senator Croll:** How far away would you go?

**Mr. Oke:** In some cases as far as the Maritimes and in other cases as far as Sudbury or Pembroke. I am sure that the people we had come down from Pembroke had never seen a canning operation because they had been working in logging or in the woods. The fact that they have no experience in canning does not matter, but the fact remains that the Manpower manager in that par-

ticular area does not have any experience of our work and a lot of our work is in wet conditions and involves the use of a lot of water. There are some people who cannot work in that kind of environment. I know that Manpower is considering this situation and in certain areas managers or counsellors feel they should come down into the food processing plant to get an idea of the kind of work involved.

The second area in which we see a problem is that, in all honesty, there are very few people we seek other than clerical. The higher skill level you go to, the less helpful Manpower is. It is in that area that you get into a much more complex nature of a job. If you talk about junior management, it is obviously much more complex and the Manpower counsellor must have a great deal more information in order to send out somebody suitable to fill the bill. In that area I guess we have been critical because to some extent we feel, and perhaps this is part of the guidelines for Manpower, that regarding anybody who comes in there and says, "I like that job"—and perhaps it is a job that is advertised and is up on the board—they say, "Well, you should have the right to go and look at that job". But from our standpoint we see too many applicants who are not qualified. I think that relates to the fact that Manpower somehow feels that the applicant, as a taxpayer, walking in the door, should have the right to go and have an interview for the job.

**Senator Desruisseaux:** Do you have your own specifications for jobs?

**Mr. Oke:** Yes. In our operation, as in most operations, we have complete job descriptions of every job, management or otherwise, except general labourer. A general labourer can be sent anywhere and no particular training is required. But for any job that has specific requirements, then we have job descriptions.

**Senator Desruisseaux:** Do you produce this description to Manpower when you request a replacement?

**Mr. Oke:** No. There would be no question at all, if we were looking for somebody for a management position, that we would be quite prepared to send a job specification but in fact this rarely happens, I guess it is like the chicken-and-egg situation and we rarely go to Manpower with management positions because of this difficulty.

**Senator Desruisseaux:** But I am talking about other jobs.

**Mr. Oke:** Unskilled and semi-skilled—but the job description is established from our standpoint because it tells the person exactly who he has to talk to in the company and what his relationship is within a department of the company. This does not have any bearing on the job requirements. If you talk about a clerical job, then generally we will say that we require somebody with so many words per minute in typing and that they must have had some clerical experience.

**Senator Carter:** In your opinion, should Manpower confine itself solely to semi-skilled and unskilled jobs and not bother with anything beyond that?

**Mr. Oke:** Well, my opinion is that they have not, but I think they should. The reason I think that—and I

know that there will be a great difference of opinion here—is that if Manpower has limited resources then they are bound to put those resources where they can do the greatest volume of work. This is bound to be in the unskilled and semi-skilled areas because the higher you go in skills the fewer and fewer people who are being involved. Again, it takes resources and it takes people with special training. The question really is: Is it worth the taxpayers' dollars to have people specialize in that specific area? Personally, I believe they should. The reason why I believe so is that Manpower, in my view, has a fantastic network within Canada. There is no private agency anywhere in the country that has this kind of network of offices.

**The Chairman:** You believe they should what?

**Mr. Oke:** Become involved in management positions.

**Senator Hicks:** You think they should become involved in that?

**The Chairman:** You think they should cover the whole spectrum of employment?

**Mr. Oke:** Absolutely.

**Senator Croll:** Yet at the same time, up to the moment, I gather that when you come to that sort of job you go to private agencies and are prepared to pay them for it.

**Mr. Oke:** Almost exclusively, yes.

**Senator Croll:** That is the point of this. You are prepared to pay the price to private agencies because you cannot be served at the other end at the moment.

**Mr. Oke:** That is right.

**The Chairman:** I have a supplementary question. One of the issues that was raised by the employers who were here last week was that the difficulty in screening was not so much the inability of the counsellor to understand the job requirements—although there was an element of that, clearly, depending on the counsellor and on the firm and their request—but the real problem was the one that you referred to, in a passing sense, and that was that the main obligation of Manpower was to the employee, not to the employer, and that, therefore, when a job was filed with them they took the first person who came along who indicated he was interested, and sent him out, although that person might not be qualified. Would that be your perception of the situation?

**Mr. Oke:** I think it is a good point. Manpower, I am sure, works primarily with unemployed people. If you have a large block of unemployed people you are trying to get employment for, I think the general tendency would be to send them out, even though, if you were an agent of the employer, you might say, "I do not think this person is really qualified, or necessarily qualified." If your main impetus, however, is to try to get the unemployed employed you are going to send them out. I think, therefore, that the basic philosophy that is used would have a significant influence in this particular area.

**The Chairman:** Your main requirement would be for low skilled or unskilled people, I assume.

**Mr. Oke:** Yes. In volumes of numbers that is correct. We need basically unskilled people, just during a short period of time. We need large numbers of people during a very short period of time.

**The Chairman:** Do you make large use of Manpower?

**Mr. Oke:** Yes, almost 100 per cent.

**The Chairman:** One hundred per cent of the job vacancies are registered with Manpower?

**Mr. Oke:** Yes. They are communicated to Manpower, and Manpower, obviously, is going to get a lot of those requirements filled in the local community. In that case, if somebody comes along who really cannot do a job, not much is lost. As I said, we have a great variety of jobs. We can talk about 400 or 500 becoming vacant next week. Not much is lost, therefore, if a man comes along who is not able to do the job. But if you are recruiting in some other part of the country and bringing those people down, in some cases at considerable expense, and are arranging housing, for example, for them, then I think it is a shame and a waste if a proper recruiting job is not done in that area.

**Senator Croll:** The government pays for bringing them down.

**Mr. Banting:** No.

**Senator Croll:** Do you pay to bring them from the Maritimes, for example?

**Mr. Oke:** We always did in the past. There is a new program we have been made aware of called the Manpower Mobility Program, or something of that kind, which does provide some offsetting contribution to the cost of that movement, provided you guarantee the person eight weeks' employment.

**Senator Croll:** But would you, in ordinary circumstances, in view of what you have said, when you need people—and I know how urgent it is to get people to do a job—undertake if he said to you, "I have six people, and I can send them up to you", to pay all the expenses of that move without knowing whether they would ever be able to do a job for you?

**Mr. Oke:** We have done it. It simply depends on volume. If there were enough people, it would be worth it for us to send our own man—a personnel representative—down to the Maritimes, if they were all in one community, or if they could be brought together. I think in the past—and I do not know whether the philosophy is the same today, because I am going back a few years—it was always understood that if you had any complaint about the recruitment placement that was done it was your own fault because you should have had your own man there. That, of course, is true. We could have our own man there. But if we are looking for 500 people, are we going to send a man? We have a limited staff, and we have this large volume of people. Can we send a man all the way to the Maritimes to look for 10 or 15 people?

**Senator Croll:** It is all right with me if you are going to take the chance. That is perfectly all right. But where, in the main, do you require your people at peak times?



**Mr. Banting:** In what area? Southwestern Ontario produces 75 per cent of the production. However, there are several major areas across Canada: the Annapolis Valley area in Nova Scotia, the Fredericton area, the Saint John area in New Brunswick, Prince Edward Island, around Montreal in the Province of Quebec, and so on. However, southwestern Ontario is the main one, and then comes British Columbia. The crops all come on at the same time, around the last of August and early September. That is when we need all of this help.

**The Chairman:** Considering your previous answer, are you any better off with Manpower, considering the screening difficulties you have, than you would be putting an advertisement in the newspaper?

**Mr. Oke:** Are you talking about unskilled labour now?

**The Chairman:** Unskilled, yes.

**Mr. Oke:** Yes. There is no question that we are better off with Manpower. I think our brief has indicated, really, that we believe Manpower does a pretty effective job. They do have this network of offices that they can use to bring to light other areas where there may be people available, and they do a lot of administrative work. If we were to go into all of the communities, even communities that might be within busing distance of our company, to bring in people, we would certainly not have the staff to do that. It would be a tremendous administrative burden for us to go into all those communities and put out advertisements and say, "We need 500 people."

**The Chairman:** You are talking there mostly of seasonal people, is that correct?

**Mr. Oke:** Yes.

**The Chairman:** Would that be true in the restaurant business?

**Mr. Hemmings:** Yes, Mr. Chairman. I was going to relate an incident that is going on right now. The Gulf Wayfarer Restaurants in Alberta are having a difficult time recruiting summer employees. In Alberta the employment situation is critical, as it is in Saskatchewan. A western supervisor of Gulf worked in co-operation with an Ontario Canada Manpower counsellor in charge of student employment, and they were able to bring in students from the east. They have brought in 7 students, they have gone to Jasper and there are another 14 going within the next week.

**Senator Croll:** To Jasper?

**Mr. Hemmings:** Yes. There has been excellent co-operation.

**Senator Croll:** It is not tough to get people to go to Jasper; everybody is asking for that job.

**Mr. Hemmings:** This is in the restaurants adjacent to the service stations on the highway. They have had very good co-operation from Manpower in setting up the interviews. They have been very satisfied because they worked with a counsellor who understood the problem. Their main complaint is that Manpower will not pay any of the costs of moving. Gulf have to move these people out at their own expense.

**Senator Hicks:** Why will they not pay the costs? I thought we had a statement a moment ago that if you guaranteed eight weeks' employment Manpower would pay the costs, or a portion of them, in your food processing business, Mr. Oke. Does this not apply in the restaurant business as well? And what is the basis for the distinction?

**Mr. Hemmings:** Mr. Chairman, in this particular instance it does not apply. I obtained this information just recently. I knew I was coming here and I wanted to get information from around the country. I can, however, certainly find out why that is not available and make it known to the chairman.

**Senator Hicks:** Perhaps there is someone here from Manpower who could answer this now.

**Mr. D. Toupin, Director General, Manpower Client Services Branch, Department of Manpower and Immigration:** I will gladly look into this, Mr. Chairman, because normally the employment is of eight weeks' duration. The mobility provision would apply, and it must be because there was a breakdown in communication. If I could meet with Mr. Hemmings after the meeting, I would like to take some particulars and look into this.

**The Chairman:** You may tell Gulf Oil we are glad to assist them in any way we can, Mr. Hemmings.

**Mr. Hemmings:** Particularly in Alberta.

**Senator Thompson:** I would like to ask a question with respect to migrant workers, who are the ones who are coming on a seasonal migrant project. Who looks into housing standards, health standards, and the child labour situation? Is that the industry, prior to Manpower coming into it, or does Manpower come in to see that these things are satisfactory? There has in the past been very bad publicity about some of the conditions for migrant workers, not only here but also in the United States. If those conditions prevail I can certainly see that you should have great difficulty in getting workers.

**Mr. Oke:** Are you talking about offshore workers now?

**Senator Thompson:** I am talking about standards, whether you are taking these workers from the Maritimes or wherever it may be.

**Mr. Oke:** If you are talking about migrant workers from offshore, I think we should have Mr. Penner back because his company is the largest importer of Caribbean labour of all the companies in our group. We use some, but I would prefer Mr. Penner to speak, as I know he can talk to you in very great depth about this.

**Senator Thompson:** I am not thinking of where the worker comes from, but of the actual conditions for seasonal migrant workers.

**Mr. Oke:** He can talk about that more easily than I can.

**Mr. Penner:** Mr. Chairman and honourable senators, as far as conditions of employment, including housing, are concerned, the Manpower officials have to okay all housing. They send out someone from the board of health wherever the industry is located. They make sure



that they are working within the standards. I think the problem that has been created in housing and migrant workers has not been in the processing industry; it has been mainly in the agricultural industry that the problems have arisen.

We have never had any problem with housing and we have never had Manpower question anything that our company has been in, so far as housing is concerned. We make sure that the senior housing official okays our housing, that the board of health okays our housing, and also with the Caribbean help the Jamaican, the Trinidadian, the Barbadian, an officer of the government has to approve the housing and they make sure that it is quite adequate.

**Senator Carter:** Mr. Chairman, could I ask this for the record? Mr. Banting referred, I think, to 5,300 who came in from the Caribbean and your firm uses about 1,200 of these.

**Mr. Banting:** That is, our industry.

**Senator Carter:** Could you explain to the committee the mechanics of getting these people here? Do you make a contract with Manpower or a contract with somebody else

**Mr. Banting:** I would prefer to have Mr. Penner answer that because he is the man who does it for his firms and he is more familiar with it.

**Senator Croll:** I am awfully glad you brought Mr. Penner here.

**Mr. Penner:** I can go through what we do. We know what our needs were in the past and are at present. We can try to determine what our needs will be for workers for the coming year, for the packing season, whether it be asparagus or tomatoes or peas or corn or processing tomatoes for tomato soup. What we do is, we go to the Manpower people and we ask them what they have available, and we check most of the Manpower offices that are in a certain radius from where we can bus people. We obviously want to hire as many local people as we can, as many Canadian people as we can, because the offshore program is costly.

Then the Manpower people will tell us what the availability is of local people, and we put an order in for Caribbean workers to the Manpower people. Manpower does a search, to try to determine whether Canadians are available for that service, or for the available positions that we have open. Then that is passed on to the Island governments, to the regional offices, I guess, and once they have approved it it is passed on to the Caribbean governments to process. We work through Manpower in placing an order for Caribbean workers.

**Senator Carter:** You work through Manpower. You do not sign any contract with anybody?

**Mr. Penner:** Yes, with the workers. We must sign a contract.

**Senator Carter:** You sign a separate contract with each worker?

**Mr. Penner:** Yes.

**Senator Neiman:** Do you bring the wives as well?

**Mr. Penner:** No, it is just male.

**Senator Neiman:** You do not bring the wives or the children, the families, as we have had in some of these other programs?

**Mr. Penner:** No. As far as the families are concerned, I do not think our industry, at least in southwestern Ontario, is involved in the families. It causes a problem of housing and we are not set up to handle that.

**Senator Carter:** Do these people bring their own foreman.

**Mr. Penner:** No, they do not; we provide supervision for them.

**Senator Carter:** How long does your contract last?

**Mr. Penner:** The contract specifies a minimum period of six weeks. It depends on what plant they work in and where they will be located. It could be longer than that, but the maximum amount is ten months.

**Senator Carter:** How long does your busy season last in food processing?

**Mr. Banting:** If I may answer that, the season varies, depending on the type of operation. Some of our members are only processing tomatoes so their total production only lasts about four to six weeks, whereas the people who are represented here start in the spring, at this season of the year, with asparagus and then proceed during the year with peas, beans and tomatoes, and end up in the fall with carrots, beets and root crops. So they will be processing from June to October. Then we have other people, like soup manufacturers who operate the whole year round, and those who produce allied products, like pork and beans, produce them all the year round. Potato products are produced all the year round, such as french fried potatoes and potato flakes. So it varies from plant to plant.

**Senator Croll:** Do the people who produce all the year round need these special workers too?

**Mr. Banting:** Yes.

**Senator Croll:** They do not carry an ordinary permanent staff?

**Mr. Banting:** They have a larger year-round staff but the crops come in during a very short period and they have to be processed within hours of harvesting, otherwise the crop starts to deteriorate. Even though they may be operating the year round, they have these very high peaks, usually in late July, August and September.

**Senator Carter:** So these 1,500 offshore people employed by your industry need not necessarily be 1,500 individuals; they could be 1,500 contracts, but the one person could come in for a short season and when he has finished that up he could have a contract renewed with somewhere else?

**Mr. Penner:** Yes, that is possible. I think we could say 1,500 is a bit too high. I think 1,200 would be closer.

**Senator Croll:** It does not matter.

**Senator Carter:** The exact figure does not matter.

**Senator Croll:** Where do the other 4,000 go?

**Mr. Banting:** They are employed by farmers. A farmer may contract for two or three. The whole program was originally designed to harvest the crops. Then the processing industry got involved and they were brought in to help processing as well. This is an example where our industry, as an agriculture related industry, works together, one helps the other. By getting these people to work in our plant it allows other people to be available on the farms.

**Senator Carter:** You pay these people a union wage, their transportation expenses back and forth and you provide them with shelter and, in addition, you provide them with a meal allowance. That all adds up to much more than you would be paying a local person.

**Mr. Banting:** That is right.

**Senator Carter:** What would the difference amount to?

**Mr. Banting:** We have no statistics to back this up, but we came up with a figure yesterday of about \$1 an hour. Some of our people put the Caribbeans up in motels, and that costs a lot more than if they have their own facilities. If they are here for a longer period of time the average cost is less because the transportation will be lower.

**Senator Carter:** If you were to offer that \$1 an hour you still would not get local people because they would not do the work.

**Mr. Banting:** That is correct.

**Senator Manning:** Mr. Chairman, I should like to ask a supplementary question on the relationship between the farm use of these labourers and the industry use. Do the seasons divide up in a way that men can work in the farm end at one time and then in the processing end at another time, or do they overlap?

**Mr. Banting:** Basically, we need them at the same time. For example, they bring in the Caribbean people early in the spring to harvest asparagus. Actually, I believe they go away and come back again before the next crops are available.

**Mr. Penner:** We do try to work it out with Manpower, but it is correct that we do have to send them home. It is not, as was suggested by one of the honourable senators, the practice to use these offshore people for long periods of time. If that is your interpretation, you have been misled. We use them only for the peak periods. We do not use them as a corps for a 12-month period. It is not the intent of the program or of our members to do that. We only use them when we have no other recourse. We do try to arrange with Manpower to see if our people can be used by farmers in the month of July, when we do not need them. If Manpower can arrange to transfer them, it cuts down on the transportation costs. However, it is possible that they could go home on July 1 and come back on August 17. It is equally possible that they could be transferred to a local farm or to a farm 300 miles away.

**Senator Neiman:** Who pays the costs of transferring them back and forth?

**Mr. Penner:** It is worked out between both parties. It is prorated.

**Senator Neiman:** But CMC does not pick up any of those costs?

**Mr. Penner:** No.

**Senator Manning:** If they go back home, do you pay the cost of bringing them back again two or three times during the season?

**Mr. Penner:** Yes, sir. We are allowed to deduct so much, depending on the length of time they are in Canada. The contract has a stipulated amount in it. There is a minimum of \$16 and a maximum of \$70, I believe. We deduct that over a period of time, depending on how long they are in the country. Over and above that we do pay the transportation costs, which could range anywhere from \$220 to \$300.

**Senator Manning:** Conceivably you could do that for the same man three times in a season.

**Mr. Penner:** Twice, perhaps.

**Senator Neiman:** What percentage of the employees you have over the season would you need to send back and forth more than once?

**Mr. Penner:** A small percentage. Most processors do not do that. I guess our company is probably the only one that does that. We use off-shore people now for the asparagus harvest. Then we would bring in more for the tomato harvest at the end of August and September. Some of them will go home. Not necessarily all of them will come back. Some are not suited for factory work, but just for farm work.

**Senator Neiman:** Does the association work actively at switching these workers around from factory to factory, because you say they work at different levels or different peaks? Do you leave that up to the CMC?

**Mr. Banting:** It is left entirely up to the CMC to work out the details with the employers on that. We do not get involved in that particular area.

**Senator Carter:** You have some local people doing this work.

**Mr. Banting:** Oh, yes. Eighty-five per cent is done by housewives and students and local people. Unfortunately, it is becoming more and more difficult to get Canadians to do stoop labour like picking asparagus, though.

**Senator Carter:** You remarked that the Caribbean people were reliable workers. Is their output any better than that of the local people?

**Mr. Penner:** The output is probably similar. The difference is rather one of continuity. The offshore labourer comes here for a specified period of time. He is here every day, therefore. But the Canadian labourer may be here two or three days and then he is gone. We have a constant turnover. That involves the training aspect. We have many Canadians who do far in excess



of the work done by Caribbeans, but on a general basis the output is similar. There is little difference between the two.

**Senator Croll:** In effect, what you are saying is that they are being paid an extra \$1 and hour for absenteeism, since they are on the job and the others are not and the output is the same while the cost is a dollar more.

**Mr. Penner:** It is a matter of availability. We cannot get enough local people.

**Senator Thompson:** Are we being imaginative enough in recruiting people? Could we not get Canadians from right across the country? I recall from the war years when I was a student, at the start of the war the student labour force involved a great deal of excitement. We went right across the Prairies. The first time I ever saw the Prairies was when I went with French Canadians just as a young student. I did not make much money, but I had plenty to eat and I learned how to work to a certain extent and I learned something of my country. Could something of this sort not be instigated by Manpower now? It could be looked on as a kind of holiday by students.

**Mr. Penner:** We welcome students. We really do. We try to use them as much as possible. The trouble is that our biggest peak periods are during the month of September when the students are back in school.

**Senator Thompson:** Perhaps we are too rigid in this country with respect to our education system. Why could school not start later?

**Mr. Penner:** We would welcome that, really.

**Senator Thompson:** Have any efforts been made to make such an arrangement?

**Mr. Penner:** In Essex County several of the agricultural associations have approached the various school boards to try to get them to initiate something whereby students could be used. Currently, it is up to the principals of the local schools, actually. They can allow students, if they have permission from their parents, to stay away for that period of time. They can allow the students actually to work for that period of time up to the first week of October. However, most students are not willing to take that on unless they have a real financial need. But we hire all the students we can.

**Senator Thompson:** Perhaps school credits could be given for this type of work.

Just on another point, we often fail to meet the needs of the employers. For example, hospital nurses could go back to work after they are married if there was some place for their children to be looked after, such as a day care centre. There are many women across the country who would probably look at an outing such as picking asparagus as a holiday if day care centres were there for their children. Has anything along that line been done?

**Mr. Penner:** I am aware of one case where a day care centre was started, but it did not work out owing to the fact that there were not enough women to make use of it to make it worthwhile.

**Mr. Banting:** The other problem so far as our industry is concerned is that the six or eight-week period is too short to set up these facilities. If it was on a year-round basis, that would make it practical, but we are talking about six to eight weeks in which we need these people.

**Senator Neiman:** But it is a constantly recurring problem which you have to face. Do you have any permanent or semi-permanent arrangement for accommodation or do you just wait for each year to come along and see what accommodation you are going to need for the people you need to come in?

**Mr. Penner:** It depends, I suggest, on the company you are dealing with. In our company we have some accommodations and yet we rent some accommodations. We use all different types. When the program is one that is here today and may not be here tomorrow, then it is a costly thing to put up accommodations.

**Mr. Hemmings:** Mr. Chairman, in answer to the question of our providing day care, the Macdonald Hotel in Edmonton is doing that right now. They are providing day care on an experimental basis for children whose mothers come to work in the hotel and then pick up their children at the end of their shift and take them home again. As far as the school year goes, two years ago we made a concerted effort through the Department of Colleges and Universities to have some change made in the school year because we found that students were, as Mr. Penner has said, leaving during the peak of the season because they are entitled to a holiday too, and they would leave about the middle of August to take a vacation before going back to school and this left the hotels and restaurants in resort areas like Banff or Lake Louise or Jasper in a very bad position. So now they are using fewer students and that is most unfortunate.

**Senator Thompson:** It seems to me that just because they fail in one situation, then it should be looked at from the point of view of making it more flexible. Here I am not referring to the industry alone; I am also referring to Manpower. They should be able to get together on this kind of thing and perhaps take a look at other countries where this is being done. Surely there should be some way by which young people could be encouraged to move out from, say, the Maritimes to other parts of the country because it would be good for them and it would be good for the country as well.

**Mr. Banting:** Mr. Chairman, there is one area I meant to mention in our introduction where we feel that Manpower could be more helpful, and that is in finding accommodation. We feel that they have the staff and facilities and that they could make surveys of the various areas where these people need accommodation for short periods of time to find out what facilities are available in private homes and in motels et cetera. This would be a very real service to our people if it could be provided. It should be kept in mind that at the time of the year when we need these people, all our own people are so busy trying to get crops processed that they cannot spend time looking for private accommodation. This is one of the problems of bringing in transient people within Canada. I would also point out that as far as accommodation is concerned, and talking here about migrant labour, you cannot put Canadians in the same



dormitories as people from, say, the Caribbean, it just does not work out. Therefore you have to have separate accommodation for them.

**Senator Neiman:** Mr. Banting, rather than getting the CMC into the housing registry business, I wonder if it would not be more advisable for you to work more closely with the municipalities in investigating housing and accommodation and this type of thing because it is in their interests too that people should come into the locality.

**Mr. Banting:** I believe Mr. Coates has had some experience in this area.

**Mr. D. Coates:** Our experience is that we have worked with Manpower and they have been of very limited assistance in this area. For ourselves, we have gone out and lined up accommodation using motels and things like that. I do feel however that through our local Canada Manpower office they could be of great assistance to us if they could make a survey of some of the accommodations available in motels and similar facilities in the area.

**Senator Robichaud:** With regard to the point made by Senator Thompson about changing the school term, I should like to point out that this has been done for years and years in New Brunswick. School starts at the high school level sometime during the first week in August and then they close during the potato harvesting season for about three or four weeks, and that has now gone on for many years.

**Mr. Coates:** We made an approach some time ago through the Ontario Food Processing Association to the Ontario Government and the reply we got was that we had to go to our local boards of education. Their response was that basically there were not that many schools involved, that this was primarily an industrial area and the school year was such and such. Now I do know of one small town in an agricultural area where they did hold back the opening of the school for two weeks but, as has been pointed out, our busy time is from the end of August until the middle of October, so this does not really help us out. It just puts the problem back two weeks.

**The Chairman:** Since you were speaking from your vantage point as a former premier, Senator Robichaud, perhaps I should ask the other premiers as well what their experience has been.

**Senator Hicks:** This is a very local problem and the situation that obtains in New Brunswick is special. It is a very difficult problem. I am not speaking as a former head of government in Nova Scotia but as head of a university. We have had all kinds of approaches about this particular situation and especially having regard to summer resort places. They ask us why we cannot let students come back later and so on. Most universities try to accommodate them to some extent, but the difficulty is that you are not dealing with any significant proportion of your university population, so are you going to make an arrangement to help 1 per cent of your students to engage in specialized employment when 99 per cent of the student population want to get this year started at another time?

While I am speaking, may I make one other comment? Senator Thompson put in a popular plug a while ago when he said that some credits ought to be allowed to students for this kind of work. This is quite ridiculous. It is, of course, desirable for students to work in the fields or in factories and so on, but every university president in Canada has had suggestions at one time or another that university credits should be given for vacationing in Europe or for travelling in the Caribbean or working in factories and so on. But, frankly, it does not help a student to get off his high school mathematics, English and history to work in a canning factory.

**Senator Thompson:** I would like to reply to that.

**Senator Hicks:** The credits are not interchangeable and are not appropriate at all.

**The Chairman:** Senator Manning, can you add to our knowledge on that? Perhaps we should hear from you and let Senator Thompson store up his ammunition.

**Senator Manning:** I think all I can add, Mr. Chairman, is that in Alberta we do not have a large industrial sector demanding seasonal employment. There is in some parts of the province a sugar beet industry, but it is a different type of operation altogether. So far as student placement is concerned, because our young people are so mobile today, our experience has been that the young people during the holidays want to go down to work in hotels in the Maritimes and we staff the hotels in Banff and Jasper with young people from Ontario and the Maritimes.

**The Chairman:** Senator Thompson—rebuttal.

**Senator Thompson:** Mr. Chairman, with respect to my erudite and learned friend, the President of Dalhousie, I would say that the greatest education I ever got in a university, a small but noted one, was really riding a freight car out to Western Canada.

**Senator Hicks:** But it did not relate to your university subjects. It may have related to the development of you as a person.

**Senator Thompson:** It was a better course than I ever got in sociology or anthropology or other "ology".

**Senator Hicks:** You should not have chosen those soft courses.

**Senator Thompson:** I think, anyway, for a young Canadian, that if we had this case of transfer and mobility that Senator Manning suggested, he would get the feel of this country from working at some of these pursuits. In Europe they have these labour camps for young people, and I think the university should be a bit more flexible and not just feel that it is books that you learn from. It is really from working with others that you get your education. I am not thinking of courses like mathematics, of course. That is something you have to do in the usual way, and I am not thinking of university students so much as graduates of high school.

**The Chairman:** Senators, I think we have enjoyed the debate, and before we beat the subject to death I think we had better get back to the question asked by Senator Croll.

**Senator Croll:** I am going to open up a new subject, and that applies to both of our witnesses. What I would like to know is, what contributions do immigrants make to both of your industries? What percentage of the people involved in your industries, if you know, are immigrants? You may define them any way you like. I am not saying anything about recent or late immigrants. What kind of help do you get from them?

**Mr. Hemmings:** May I answer that first, Mr. Chairman? I would like to make a few comments, and then I would like to ask Mr. Spencer to contribute a few comments. He has had one or two very good experiences with immigrants.

The Canadian Pacific Hotels in Banff last year had a great problem because of the situation you mentioned, Senator Thompson, with regard to students all leaving at a certain time. They were in a terrible situation. They had just recently taken over some hotels in Mexico, however, and they brought up 50 Mexican immigrants to carry out the work in the hotel. They were perhaps partially trained and they took low skill jobs, and so on, but they were able to continue operations.

**Senator Croll:** Are we talking about the same thing? Are you talking about guest workers, or immigrants who are coming to this country to live here? Are we talking about the same thing?

**Mr. Hemmings:** No.

**Senator Croll:** I am talking about immigrants who come from any part of the world at all, and who end up in the tobacco fields up in Kent and Essex—I have seen them there all my life—and in your restaurants. Do they make any contribution?

**Mr. Hemmings:** The hospitality industry is filled with immigrants. It is filled with them. If it were not for immigrants we could not have operated.

**Mr. Coates:** May I make a comment here? Just getting back to the point made a while ago, we have university students looking for work right now. However, we are not that busy just yet, though we are going to be taking on a lot of these people shortly. We find in our industry that we have university students knocking on our doors looking for work before we are really ready to accept them. We do not have the work at this time. If we could get these students at roughly the same time as the high school students, which is June, we could put them to work with no difficulty, and we could keep them at work until October; but these students are available already in April, and go back in September, so here again they are available in this situation, and we need them in this other situation over here. We could probably get along without having to bring people in from offshore if that were not the case. I am talking about our own case in Brantford. We could get along very well with these students, and use them locally, if they were available for a longer period of time. I am talking about having them available in June right into October, rather than having them in April and then only till September.

**Senator Croll:** But the great purpose of students is to get an education, not to work in your business. Their first priority is their education, and it just does not fit and that is all there is to it.

**Mr. Coates:** We are talking about the flexibility of the university year.

**Senator Croll:** Well, the university is there, and the purpose of the university is to educate students. They cannot change for the one per cent of their students that want work.

**Mr. Coates:** There may be a fair number that would be able to work in September or October. I do not know.

**Senator Thompson:** We may not have to subsidize the university so much if we paid the students good wages and found them work.

**Senator Carter:** That is the unkindest cut of all.

**Mr. R. Spencer:** Mr. Chairman, perhaps I could just ask the committee this: Why could the school year not start in November and end in May or June? Why could we not set the school year back in total?

**Senator Hicks:** We are talking about two things. We are getting a little mixed up about the high school system and the post-secondary level at the university. The answer is that certainly the school year could be manipulated if a majority of the users of our services wanted it that way. My opinion is that the majority of the users do not want it that way.

**The Chairman:** We are sliding back on that subject again. The matter is now closed. The question before Mr. Spencer is the question that was posed by Senator Croll. Perhaps you could answer that, Mr. Spencer.

**Mr. Spencer:** That was regarding the value of immigrant workers to our industry?

**The Chairman:** Yes.

**Mr. Spencer:** We almost totally depend on immigrant workers. Our industry is full of Greek and Italian workers who are prepared to take the jobs we can offer them, which, in effect, are relatively highly paid if they take the service jobs; but the service industry has very little prestige for native, Canadian-born people. The only people we can get into our industry, it seems, these days, are people not born in Canada. They seem to be able to adapt, and to wait, and to take advantage of the high pay that comes along later. Mr. Hemmings was referring to one example of this. We have a young lady from Austria who started in one of our stores in Brampton on basic pay, which is common in the industry for all service personnel. She started at the minimum wage level and is now earning in excess of \$18,000 a year as manageress of one of our stores in the west end of the city. The opportunities are fantastic in the industry, but unfortunately, at the lower echelons the prestige is not there. A girl would far rather leave high school and go into an office where she can wear clothes and meet men than work in a restaurant.

**Senator Croll:** That has not changed in years. Your answer is helpful, however. You know that we have an immigration debate in this country. Some of us are interested in seeing whether immigrants make a contribution. This is the opportunity to ask you the question. You have answered the question in part. What do you say, Mr. Banting?



**Mr. Banting:** I say practically the same thing. A large number of our employees are immigrant workers; there is no doubt about that.

Again, getting back to the unskilled area, they are willing to start at the bottom and work up. Unfortunately, many of our college graduates, and this type of individual, are not willing to do that. That is, as far as Canadians are concerned. Immigrants, however, do play an important role.

**Senator Thompson:** Does this not raise the question—I am thinking of the Restaurant Association submission, in which it is suggested that the immigrants really are the means for our having first-class restaurants across Canada—which was related to Manpower, that obviously we are not doing the best job with regard to apprenticeship courses, which, of course, is not Manpower's fault completely? We are getting chefs, for example, from Europe, but are we bringing them up through our training system in Canada? Are young Canadians excited about training to become chefs?

**Mr. Spencer:** Unfortunately, the source of chefs or highly trained people from Europe has almost totally dried up. Earlier we were in a position where the pay and standard of living here were far greater than they were in Europe. Now we are in the situation, especially in Germany, France and Austria, where they are paying their chefs, in effect, more than we can afford to pay them in Canada and the United States. The trend has therefore stopped. We do have many schools of this kind. Our community colleges are endeavouring to fill this need, and I think we realize now that we have to find our own people. Unfortunately the proportion of workers in that highly skilled area is relatively small. We are looking at the waitresses, waiters and dishwashers, and these are the vast majority of our employees.

I would like to refer to a question that was put earlier. When you call a Manpower office you are in desperate need of somebody—now. We do not carry people in our industry waiting to step into a job, unfortunately. Let us say we have 10 waitresses. If two leave, we need two today. If we call the Manpower office and fill in an order form, we know damn well that we will not be getting someone until maybe next week. We cannot afford to wait, however. So then we go to alternate means, and generally we turn to newspaper ads or any other means we can find. I am not saying we have not had success with Manpower offices, but it has been relatively small success.

**The Chairman:** What about the co-operation you get on the training aspect of it?

**Mr. Spencer:** I would say this is the greatest area we need help in from Manpower. Recently we were asked to broadcast to our members a training-on-the-job scheme, which has been pushed by Manpower. Unfortunately the requirements in performance and follow-up, and the procedures necessary to implement this, in a restaurant, are so difficult or onerous that the average restaurant operator is either incapable of doing so, or is not prepared to accept the tasks. Again we are dealing with the majority of our industry, who are new Canadians and have some problems.

**The Chairman:** You have a very extensive handbook on training in the restaurant association.

**Mr. Spencer:** Yes, we do.

**The Chairman:** Is it generally used?

**Mr. Spencer:** Yes, but I was referring to the training-on-the-job program, subsidized by Canada Manpower. We endeavour to train our own people and we would like to be able to do that.

**The Chairman:** On the one hand, you say you do use the handbook and do train; and, on the other hand, you say you do not make use of the Manpower training program.

**Mr. Spencer:** I was referring to trying to utilize the services of Manpower, and take advantage of the subsidies. This is quite onerous for someone not adept in the English language. A large proportion of those operating restaurants are new Canadians.

**The Chairman:** What do you think should be done to rectify the program?

**Mr. Spencer:** I think the whole procedure of on-the-job training and subsidizing or trainers for in the house training should be simplified.

**The Chairman:** You refer to the subsidizing of trainers. Would you expand on that?

**Mr. Spencer:** Canada Manpower came to us, I think two or three years ago, and explained to us that those funds are available and we could in fact have them. If we submitted our training course to the department and if the department approved of it, they would subsidize up to 80 per cent of the salary of a trainer of staff. In other words, I could say to one of our people "You are now the trainer and 80 per cent of this salary is to be covered by the department."

**Mr. Toupin:** It is 85 per cent of the cost in the case of the trainer.

**The Chairman:** Of the trainer himself, of the person giving the training?

**Mr. Spencer:** Unfortunately, when we tried to take advantage of this initially, I think there was a lack of communication, or the value judgments of the local counsellors were not sufficient to encompass this. For instance, I went to Niagara Falls to speak to the members in Niagara Falls and I told them I could not understand the enthusiasm at this meeting. I pointed out to them that this was a new facet and that they could take advantage of it. One of the men said, "This is ridiculous, I have been turned down twice"—and he had a particular program for processing in agriculture. This is a fairly recent establishment. Because of that, we have had an immense correspondence on that—and he is now receiving some subsidies.

**Senator Croll:** How long did it take? Two years?

**Mr. Spencer:** Just a year.

**Senator Croll:** You are a year better than somebody else.



**Senator Thompson:** We know that a lot of restaurants use Italians or Greeks or some of these national groups. In order to assist them, in Manpower, are they manned with people who can speak these languages? Secondly, do they use the foreign language press or the ethnic radio stations to try to recruit people? Are they reaching these people who have a particular language?

**Mr. Spencer:** I would say that the average ethnic restaurant generally relies on relatives of the people working there, to staff it. There are certain people in Manpower who speak the languages that are necessary. But I really think that the emphasis should be on having specialists in the local offices which cater to our industry exclusively. I have run into occasions where we called the local Manpower office and asked for two waitresses. They asked, among other questions, "What are you paying?" We answered that we pay the minimum wage. I have had the response, "I would not send anyone out to work at that rate." I can understand, if they are dealing with an automotive plant worker who has been getting \$10 an hour the week before, you can imagine that there is reluctance in the counsellors in saying they would not send anyone out to a restaurant. Unfortunately, we find it impossible to stress this point and we cannot get it across to the man that, while you are paying the minimum wage, you pay that minimum wage only to those who receive tips. The fact is that some of the workers would earn \$150 a week because of the relatively tax-free tips. That is not approved and you can only refer to it.

**Senator Croll:** Just a minute. When you talk about \$150 tax free in pay and tips, that is what you said—

**The Chairman:** I think the witness said "relatively tax-free."

**Senator Croll:** The government does make some provision on that, so it is not just quite that. Senator Thompson has not said it, and I guess somebody has to say it, that you are about the worst paid industry there is in Canada and you have a reputation for that, because you are strictly at the minimum wage without fringe benefits.

**Senator Hicks:** The tips are the fringe benefits; that is what the witness is saying.

**Senator Croll:** No, no. That is all very well, but they pay a tax on some of the tips. There is a general assessment for it. But this is the general reputation. There are no fringe benefits at all. They can get \$2.40 in Toronto, or something like that, or \$2.60 without anything else. So you can appreciate his reluctance. He has to sit back. That same man was in the box where you are, and the first question we asked him was, "Are you sending them out to places where they do not pay the minimum wage?" And he said, "No." Then we asked him, "Are you sending them out to places where they do pay the minimum wage?" and he replied, "Well, I have to." Just that. All right, we are not getting into that.

Who trains people for you in the community? Do the community colleges train people for the trade?

**Mr. Spencer:** Yes, for the more skilled occupations.

**Senator Croll:** A little above the waitress class?

**Mr. Spencer:** Yes.

**Senator Hicks:** But no waitresses?

**Mr. Spencer:** There are also waitresses training courses that take place in the vocational type schools.

**Senator Croll:** In Toronto you have a couple of them—Brown and Ryerson. Would you have any in Hamilton? Nothing in Hamilton. Would you have any in Ottawa?

**Mr. Hemmings:** Yes.

**Senator Thompson:** Algonquin College.

**Senator Croll:** Do you have any difficulty in placing any of the graduates from these schools?

**Mr. Spencer:** I have never heard of any difficulty.

**Senator Croll:** If I recall correctly, Royal York took the whole graduating class one year. People were a little surprised at that.

I should like to ask some questions about the immigration part—later, Mr. Chairman.

**Senator Carter:** While we are on the Manpower point, you say in your brief that you have 100 members in food processors. You say on page 3, item 2:

Although the majority of members were aware of the Canada Manpower training programs, it does appear that there is a lack of understanding on how they operate. Those having used the program indicated they felt the program was worthwhile; however, only ten member firms have used the program and two indicated that they had had difficulty with the grants.

How do you explain that?

**Mr. Banting:** I think again it is lack of communication between Manpower and the industry.

As I said earlier, the meeting of these two groups to discuss the Manpower programs would be of benefit because the counsellors would be more aware of what the needs of the industry are. In that way it would serve a most useful purpose. We feel strongly that this is one area in which much could be accomplished.

**Senator Carter:** So you think the counsellors should make the employers aware of the availability of grants?

**Mr. Banting:** Obviously, there is a lack of understanding of what is available. There should be communication somewhere, either by the counsellors or at the managerial level. If the managers of Manpower Centres were to meet with the people in the area and discuss these things, it would be of benefit from both points of view.

**Senator Thompson:** As I understand it, they now have new job information screens or lists in the various Manpower offices on which they list all the jobs available. This way when people come in they can see what jobs are available and they can go to their counsellors and say that they want a particular job. Do you approve of this new technique of listing these opportunities?

**Mr. Banting:** Yes. There are pluses and minuses, of course. As a result of this technique we sometimes have referrals which are not suitable, but at the same time the fact that people are aware that the jobs exist has

served a useful purpose. I think the pulses outweigh the minuses.

**Mr. Hemmings:** Mr. Chairman, in our industry there is a great mobility, particularly at the lower skilled level. People get restless. It seems that the type of person attracted to the job is the type who moves around a great deal. These people use the Manpower Centres considerably more than those in most other occupations. They can become suited quite quickly, as Mr. Spencer pointed out, without having to wait to go through the regular channels, fill out the forms and so on. They can become satisfied very quickly.

**The Chairman:** What is the turnover in your industry?

**Mr. Hemmings:** It is very high. According to the last figures I heard, it was over 50 per cent.

**Mr. Banting:** In the seasonal area which we are talking about, for 15,000 vacancies in any one year we have roughly 60,000 placements. It is about a three- or four-to-one ratio during the year. The turnover in full-time employees would be equivalent, I think, to any other segment of the industry.

**The Chairman:** According to figures we have heard, 50 per cent is not out of the way. In general terms right across Canada, all industries, there is an indication that it is somewhere in the neighbourhood of 40 to 50 per cent.

**Mr. Banting:** It is not that high in our industry in regular employees. Seasonal, yes, but not regular employees. It is not nearly that high.

**The Chairman:** Would you say it is that high in the Restaurant Association?

**Mr. Clyne:** We attempt to target a turnover of less than 5 per cent per month or regular permanent full-time staff personnel, Mr. Chairman.

**The Chairman:** This would result in 60 per cent?

**Mr. Clyne:** This would be 60 per cent, yes.

**The Chairman:** How are you doing on the target?

**Mr. Clyne:** Reasonably well. Our turnover comes in two major classifications: dishwashers and maids. One aspect of this employment is that it is a kind of language-training school, and once they get on to the language they leave and go into higher skilled jobs.

**Senator Carter:** Is the turnover greater with females than with males? Is there any difference between Canadians and immigrants?

**Mr. Clyne:** I do not know.

**Senator Thompson:** Just speaking about the job information centres again, if I may, do you think it would be a good idea to expand on the idea of the list I was referring to to include advertisements in newspapers and on radio and television to reach out further with this job information?

**Mr. Hemmings:** Mr. Chairman, although it is working well in Vancouver, I think the idea is fairly new. It has not been in effect long enough to build up a history, has it?

**The Chairman:** If you are talking about the job information centres, they are pretty much across the country now.

**Senator Thompson:** The private agencies put out their lists of job opportunities. They advertise them in newspapers. I do not see why such an ad could not be taken out by the Manpower offices or why radio or television programs could not be used to advertise the job opportunities.

**Mr. Banting:** That could certainly be effective. In fact, a high school student friend of mine recently applied through Manpower for summer employment with no success. She got in contact with the local radio station, got on the radio program and got a job that day. I think that whole idea should be explored further at the present time.

**The Chairman:** But surely the complaint from industry is that there is inadequate screening by Manpower. It seems to me that this would exacerbate the problem further.

**Mr. Banting:** However, if these job opportunities were made known and the people heard about them, they would still have to go to the Manpower Centres in order to get cleared through them. In that way the screening could be done at that stage.

**The Chairman:** However, the more you have of the job information centres type of operation and the more pervasive your advertising is, the less possibility there is of screening. That is a fact of life. That is what has happened at the Manpower Centres, whether we agree or disagree with it. Are employers really prepared to accept this lack of screening? That is the question. You have indicated that it is part of the game and you really want the people and are prepared to accept them on that basis. The business of screening is really not that important so far as you are concerned.

**Mr. Banting:** That is absolutely true with respect to unskilled seasonal labour.

**The Chairman:** What about the unskilled permanent labour which you find in the restaurant and motel business?

**Mr. Hemmings:** It becomes more important then, Mr. Chairman. For instance, a cook can be one of four different kinds; a waitress can be one of four different kinds. A waitress can be a cocktail waitress, a counter waitress or a diningroom waitress. The counsellors in Manpower are really not qualified, even following the Canadian classification and dictionary of occupations, to decide whether a particular person is suitable for such positions. That is a disappointment both to the employer and potential employee. That is why we advocate more specialization in Manpower Centres.

**Senator Neiman:** Mr. Chairman, I noticed in the Manpower Centre I was in that the majority of the notices regarding restaurant workers did not include salaries. There was a little note indicating that the salaries were to be negotiated. I questioned the local counsellors about this, asking them if this would mean the employee would get the minimum wage. I was told that this was true. I was also told that some of the restaurant owners or



proprietors will throw in a free meal, or something like that; but, on the other hand, quite often we are also finding that they are deducting for this or their hours are not as they were supposed to be. We tried to pin them down and make them assure us that there is going to be at least the minimum wage, net, and apparently some of the restaurant owners tried to cut in in some way on them, and the counsellors went on to say that they get to know them because there is such a high turnover, and that eventually what they would do is simply not refer anybody to these employers or to discourage them from putting the notices on the board. My question is this: Do you attempt to police the members of your own association in any way to control these people who try to infringe on the proper benefits or even the basic wages that the employee should be getting?

**Mr. Hemmings:** Mr. Chairman, we had an all-day conference with Manpower in the fall of 1973 in Ottawa; that was one of the topics discussed, and we brought it up. We suggested to Manpower that they do not refer applicants to people whom they know to be bad employers. We have people who employ perhaps three or four outside people and they do exploit them, there is no doubt about that. But we want to find out about them and we would prefer not to have them serviced. But usually they are not members of our association and so they are beyond our control.

**Senator Neiman:** Would it be helpful if every restaurant proprietor had to be a member of your organization? Would you be able to regulate it better then? Would you be able to take steps to regulate your industry as we do in the law and medical professions?

**Mr. Hemmings:** We certainly would because in our code of ethics one of our main goals is to upgrade the industry and so we have to upgrade the employment and employees if we want to upgrade the industry. If I may carry this a little bit further, just recently in a meeting with Manpower we were looking at that point because of the high rate of turnover in some of these jobs, and we felt at that time, and this is very recently, that much of the problem lay in the employers at the very first level of supervision as in the case of a very small operator or somebody who is supervising a kitchen or some other area of a restaurant or a hotel and who was not qualified to handle people. They were not qualified to employ or to instruct or to supervise because they did not handle people properly.

**Senator Neiman:** If you find that these problem areas, restaurants and so on, are part of your association, do members of your executive go out and speak to the proprietors or do you take any active steps to correct the situation?

**Mr. Hemmings:** We present programs continuously. In fact the one we are doing now is a sanitation training program and in the first part we deal with the employer, the supervisor and the manager before we ever go to the employees. We have had over 2,000 people attending the course and in turn they can train their employees in sanitation practices.

**Mr. Spencer:** Mr. Chairman, unfortunately or fortunately the Canadian Restaurant Association is a completely voluntary association and it is a situation where

the members get together and try to improve their own lot and the lot of the industry, and to try to upgrade in every possible way the restaurant industry in Canada. As I say, it is voluntary, and although our membership represents only 20 per cent of the total restaurants in Canada, we do probably 80 per cent of the total volume of business. Without patting myself on the back, I can say that you seldom find a complaint against an association member. Unfortunately, the smaller operator frequently receives the benefits that we strive so hard for. So you have to talk pretty hard to try to convince him to join when in fact he gets all the benefits without joining. We cannot control or police people who are not members of the association. But we do try to police and control our own members, yes.

**Senator Thompson:** If there were an English-language training course for waiters, would this be helpful to you? The provinces and municipalities run language training courses for immigrants. A large part of your organization employs immigrants, so would it be helpful if in the English-language courses they included training for waiters in some way?

**Mr. Spencer:** To answer that question, I really think the problem we are talking about now reflects on the manager or the owner of the establishment. I do not think there is ever a problem with the immigrant worker who arrives here. We have no problems with self-starters, and most of the immigrants have that desire to do well, and since they may want to own their own restaurant they proceed and progress very rapidly. In many of my stores we have people who have been here less than a year but their English is certainly adequate and we make sure it is adequate for the job. But yes, it would help to have such courses. But those who come in to the industry and start to work make sure that they have adequate English very quickly.

**Senator Thompson:** I have heard of some cases where people have said, "I am not going to have by cousin work in the kitchen for long. He is going to get out of there because I want him to learn English. If he stays there he is going to be in a certain national group and he won't speak anything except that language." Whether that attitude accounts for some of the turnover, I do not know.

**Mr. Spencer:** Yes, that could be the case.

**Senator Thompson:** So it might be helpful to have some kind of language training centre to cover this situation.

If I may continue, I have a question here that Senator Carter wished to ask but he was called away to another meeting. It relates to what Senator Neiman was saying, but it was taking the other side of the question, not concerning the fact that some employers are not of a high standard but concerning the fact that some of the employees leave something to be desired. Do you find that some of the applicants are not really authentic job seekers? Other witnesses who have been here have suggested that some employees or some applicants need to get signatures to show that they have applied for three jobs so that when they come to the counsellor they can put on a good show, whereas, in fact, when they apply



to an employer the last thing they really want is to find employment. Do you think this constitutes a common practice? Have you had much of it, or have you had any of it?

**Mr. Spencer:** The problem exists, but I would say, again, that that happens more with the born Canadians than with the immigrant labour. We have been asked by Manpower to put our comments on these slips so that they can give this situation their consideration. They want to evaluate the person. But I have come across the person who has deliberately not shaved and who comes in unkempt so that you cannot possibly accept him for the job he is supposed to be applying for. This was a problem, and we have been working with Manpower to try to reduce it.

**Senator Thompson:** In what way have you been working with Manpower?

**Mr. Spencer:** Well, now we have to make comments and we do make comments on the form they bring to you. We have to sign that form and if you make direct comments, it will be taken to the employment officer.

**Mr. Banting:** This was a very real problem two or three years ago, in particular, and to a certain degree it is still a problem. I also agree with the statement made here that it is more true with the Canadian born than it is with immigrants. I have been rather surprised that unemployment insurance and welfare have never been mentioned here, because the high payments of unemployment insurance and welfare is one of the reasons that in some areas we have great difficulty in getting people to work. I am wondering if the government or Manpower should not be doing much more to instill a work ethic in our society. In Nova Scotia two years ago we had 11 per cent unemployment, yet one of our plants had to close down for three days and send their 300 employees out to pick apples because nobody wanted to pick apples; they would rather be on unemployment insurance.

**Senator Thompson:** How would you have Manpower instill a work ethic?

**Mr. Banting:** Well, perhaps it is the old story of promotion and publicity. There was a time when, if you were on unemployment insurance, you were not proud of it. It seems to me that people today are proud of it, and we have even had people in our plants tell other people, "Why work when you can get unemployment insurance?" You've worked your eight weeks, and you can qualify for unemployment insurance. Make it so that you will be laid off."

This has been one of the problems. I will say this, however, in all fairness: the situation seems to have been improving considerably in the last year or two, since Manpower and Unemployment Insurance Commission started looking at these applicants and doing a better job of screening. However, two or three years ago this was one of the real problems in getting people to work in the industry, namely, that they could get unemployment insurance or welfare at such a rate that they felt it was not worth working for the increase.

**Senator Thompson:** Do you feel Manpower and Unemployment Insurance should be combined? Would this give a better co-ordinated approach?

**Mr. Banting:** Personally, I do feel this. I am not too sure about all my members on this particular question, but there certainly has been a definite improvement since there has been better co-ordination, so that when people apply for unemployment insurance they are made aware that job opportunities are there. I think the situation has improved a great deal.

I would like to think that they could be combined. However, perhaps there are good reasons for their not being combined.

**Senator Thompson:** But you do not see any?

**Mr. Banting:** Not as far as I am concerned. Perhaps Mr. Coates would like to comment on that.

**The Chairman:** Mr. Hemmings?

**Mr. Hemmings:** I would like to say that I would agree with Mr. Banting. I think it would be easier to control if the two organizations were combined.

**Senator Thompson:** What would be easier to control?

**Mr. Hemmings:** The situation we are talking about. I received information when I was in Moncton, when we had a trade show over there a little while ago, to the effect that in Newfoundland and Prince Edward Island, of all places, where there is terribly high unemployment, they could not get people to work; they just could not get them. There has to be a reason. Even though the wages are, as Senator Croll says, not high, at least they are wages, and I think there is a certain hard core—I do not think it is prevalent at all, I do not mean that—who, no matter what restrictions you put in, will do everything they can to avoid going to work at any wage rate.

**Mr. Coates:** I agree with the comments made here. I know we ran into one situation that was very bad. Unfortunately when you do find a particular situation that is what you remember, and perhaps it will be the one that gets the publicity, whereas we have had a lot of people who have come in looking for jobs in all sincerity, and we do hire them. The situation I have in mind, however, is that of a man who came in, and who asked, before he filled out the application, "Is there any danger of getting a job here?" This is an attitude one does find.

A direct answer to your question, however, senator, is that in our own location there has been, I feel, real, positive contact between the UIC and the CMC office.

I do not fully agree with Mr. Banting's comment that they should be together. I feel they should be in the same office, or have a really close liaison and a close contact. I feel the job of the CMC is a little different from that of the UIC. It requires different skills and abilities than the job done by the UIC does. I think there is a value in having them separate, personally. I really would not want to go back to the situation we had a number of years ago, where the manager of the CMC—or whatever its name was at that time—looked after the whole thing. I think this is a really big job, and I do not think he can give his full time and attention to both areas. I think there is a value in having them separated, but with very close liaison between the two of them. I do not mean just with regard to people;

I mean geographically, in the same building. They should be in the next office, or the next location.

In Brantford there was one situation last year where they took the rolls of the unemployed people in the UIC, and brought them in small groups, talked to them about what jobs were available, and said, "Look, all these people are looking for workers. Go out and do something about it." It was a good project. It never really got on the tracks as well as it should have because of a lack of interest on the part of these people; but I think this kind of program is a really positive step in this direction.

**The Chairman:** I think Manpower is operating those programs quite extensively now. For example, there is a rather extensive one in the city of Winnipeg that is being organized. I think they are making a thrust in that direction.

**Senator Thompson:** Just one other question in connection with alleged abuses. You mentioned some people working for eight weeks, or whatever the requirement is, so as to get their unemployment insurance. Being seasonal work, in the past, they have been doing this for pin money, locally, in the case of women and others, and now they are able, having done the work, to get the benefits of unemployment insurance. Is this an extensive situation?

**Mr. Banting:** It is in some areas. I think it is more predominant, as has been pointed out here, in the areas of very high unemployment, even though there are a lot of jobs. We do seem to have problems getting people to work in some areas; even though our factories are operating at half capacity, because of the fact that they feel they can enjoy themselves better on unemployment insurance. As has been pointed out here, the situation certainly has improved over what it was two or three years ago. It was a tragic situation then.

**The Chairman:** What are your people doing about the situation? You say that the form comes to you, and if you are of the opinion that the person is seeking the job actively, what active rejoinder to that are you making?

**Mr. Coates:** I can reply to that one. I think, going back to some comments that were made very early this morning, in regard to our contact with the CMC offices and the filling out of the proper form initially, it is important to have this form filled out; but to me it is much more important to maintain personal contact, and to develop this contact, with the local CMC. I do not mean with the office; I mean with the individuals working there. I am thinking of things such as having them out, letting them take a look at the plant, going down and visiting with them, and anything that helps to develop a good, positive contact with an individual in the CMC office, or possibly one or two individuals, depending on how the local office is organized.

If we get an individual in who is very obviously unsuited, such as the fellow who says, "Is there any danger of getting a job here?", my contact is directly back with the individual in the CMC office with whom I have had contact. Personally I put a little tick mark on the bottom of the form and keep it until perhaps I get half a dozen. Then I send them all back. If, however, I

get a really odd situation like this, my initial contact is with the fellow whose initials are in the upper right-hand corner. Normally I will know who this is and I will phone back and say, "Look, this is what this fellow said."

**The Chairman:** Do you think most of your colleagues in business do that?

**Mr. Coates:** Well, this also gets back to the comment made earlier.

**The Chairman:** We are advised that they do not. A great deal of the responsibility for this kind of thing devolves on the shoulders of business, because these people come, they clearly do not want the job, but that is the end of it as far as the employer is concerned. The flow-back of this information to Canada Manpower and UIC just does not exist.

**Mr. Coates:** I think, getting back to another point that you were mentioning, with regard to job information centres, you are right, in that there is not the screening done through these centres that we would like to see; but many of our members are strictly small operators. When a fellow comes out and knocks on the door he might talk to the manager or the owner of the operation. In cases such as the kind of operations that we represent here, being personnel managers, or employee relations managers, we have a staff. The person looking for a job will be met at the door and interviewed. The screening process, therefore, in almost 90 per cent of the cases is done by myself or a member, in my own case, of my own staff. I do not mind too much if the screening is not done at Canada Manpower, in these circumstances, but you have to realize that probably 85 per cent of our member companies are small operations, perhaps family owned, and so the fellow who actually meets this person at the door is not a trained professional personnel worker. The same problem exists with many of your restaurant owners. They see this sort of as another job, and if the guy is no good anyway, they say, "The heck with it," and that is the last contact they have with the CMC office. That is unfortunate. Perhaps at this point the CMC has to develop an aggressive contact with them. I do agree, however, that in many cases the information is not getting back.

**Senator Thompson:** In the Restaurant Association brief they say that if they could get a top restaurateur, or some adviser, within Manpower itself, this would help. They would like to see someone like that as an employee in Manpower. I appreciate that the restaurant industry is very significant and important to the Canadian economy, but I think you will recognize that if your industry has specialists employed by Manpower that would be a legitimate reason for all the other industries across Canada pleading for the same privilege. Do you think this is important, or could it be a consultant who could be called in for a period? Do you see him as a full-time person?

**Mr. Hemmings:** I think we would like that. That would be very desirable, in our opinion. Because of the peculiarities of the industry and because of the low pay, in many cases, because of the lack of skill that is needed, because of the bad hours, because of the holiday

work and all the other bad things about the industry, I think that a counsellor—probably very conscientious and trying to do the best he can for his clients, who of course are employers and employees—is conditioned, it may be, to the \$5 an hour minimum wage for certain occupations. The last person he had was probably an out-of-work auto worker and then the next person coming along might be an out-of-work dishwasher. It is very difficult to have the same opinion right through, because it is too big a gamut. The accommodation and food service is probably the second largest industry or the second largest employer in the country. We think that it

should be a case of comparing one job with the other, one against the other in the same industry, rather than comparing a dishwasher with an auto line worker.

**Senator Thompson:** Thank you very much.

**The Chairman:** Honourable senators, on behalf of all of you, I would like to thank Mr. Banting and Mr. Hemmings, and all their colleagues, for coming today and for adding so much to our knowledge of this particular subject. Thank you very much.

The committee adjourned.

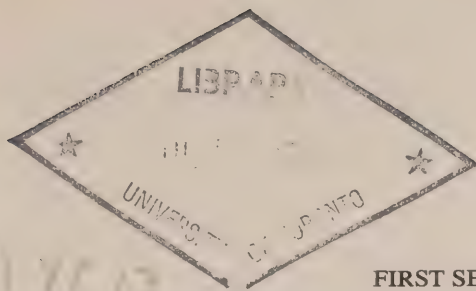
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FIRST SESSION—THIRTIETH PARLIAMENT  
1974-75

**THE SENATE OF CANADA**  
**PROCEEDINGS OF THE**  
**STANDING SENATE COMMITTEE ON**  
**NATIONAL FINANCE**

The Honourable DOUGLAS D. EVERETT, *Chairman*  
The Honourable HERBERT O. SPARROW, *Deputy Chairman*

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Issue No. 23

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WEDNESDAY, MAY 28, 1975

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**Eighteenth Proceedings**

The examination of the Estimates of the Manpower Division  
of the Department of Manpower and Immigration for the  
fiscal year ending the 31st of March, 1975

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(Witnesses: See Minutes of Proceedings)

STANDING SENATE COMMITTEE ON NATIONAL  
FINANCE

The Honourable D. D. Everett, *Chairman*;

The Honourable Herbert O. Sparrow,  
*Deputy Chairman*.

The Honourable Senators:

Barrow, A. I.	Hicks, Henry D.
Benidickson, W. M.	Langlois, L.
Carter, C. W.	Manning, Ernest
Côté, J. P.	Neiman, Joan
Croll, David A.	O'Leary, M. Grattan
Desruisseaux, P.	Perrault, R. J.
Everett, D. D.	Prowse, J. Harper
*Flynn, Jacques	Robichaud, L. J.
Giguère, Louis de G.	Sparrow, H. O.
Graham, B. Alasdair	Welch, F. C.
Grosart, Allister	Yuzyk, P.—(20)

\**Ex officio* member

(Quorum 5)



# Order of Reference

Extract from the Minutes of the Proceedings of the Senate, December 17, 1974:

Pursuant to the Order of the Day, the Senate resumed the debate on the motion of the Honourable Senator Everett, seconded by the Honourable Senator Cook.

That the Standing Senate Committee on National Finance be authorized to examine in detail and report upon the Estimates of the Manpower Division of the Department of Manpower and Immigration for the fiscal year ending the 31st March, 1975.

After debate, and—

The question being put on the motion, it was—  
Resolved in the affirmative.

Robert Fortier,  
*Clerk of the Senate.*

# Minutes of Proceedings

Wednesday, May 28th, 1975  
(18)—(23)

Pursuant to adjournment and notice the Standing Senate Committee on National Finance met this day at 3:30 p.m.

*Present:* The Honourable Senators Sparrow (*Acting Chairman*), Barrow, Carter, Croll, Desruisseaux, Graham Neiman and Robichaud (8).

*Present but not of the Committee:* The Honourable Senators Haig, Lamontagne.

The Committee resumed its examination of the Estimates of the Manpower Division of the Department of Manpower and Immigration for the fiscal year ending 31st March 1975.

The following witnesses were heard from the *Vancouver Board of Trade*:

Mr. Donald G. McGill, President  
Mr. Alex E. Scoten, Assistant General Manager  
Mr. Alan F. Campney (In attendance)

and from the *Montreal Board of Trade*:

Mr. E. Lorne Tracey, General Manager  
Mr. G. S. Heath  
Mr. R. Charpentier  
Mr. Alex Harper, Assistant General Manager (In attendance)

*In attendance:*

Mr. J. H. M. Cocks, Director of Administration; Mrs. Barbara Reynolds, Research Branch, Library of Parliament; Mrs. Helen Small, Parliamentary Centre; Mr. D. Toupin, Director General, Manpower Client Services Branch, Department of Manpower and Immigration; Mr. Raymond Poirier, Regional Chief of Employment Development (Montreal Region); Mr. Harold Heron, Regional Director, Manpower Support Services (Vancouver Region).

The following documents were ordered to be printed as Appendices to these Proceedings: As *Appendix A*, a table prepared by the Vancouver Board of Trade entitled, "Survey on CMC Services to Business"; *Appendix B* a letter dated January 29, 1975 to the Honourable Douglas D. Everett, Chairman of the Committee by A. E. Scoten, Assistant General Manager of the Vancouver Board of Trade; *Appendix C* a letter dated April 25, 1975 addressed to Senator Douglas Everett, Chairman of the Committee by E. Lorne Tracey, General Manager, the Montreal Board of Trade.

At 5:25 p.m. the Committee adjourned until 9:30 a.m., June 5, 1975.

Georges A. Coderre,  
*Clerk of the Committee.*

ATTEST:

# The Standing Senate Committee on National Finance

## Evidence

Ottawa, Wednesday, May 28, 1975.

The Standing Senate Committee on National Finance met this day at 3.30 p.m. to examine in detail and report upon the estimates of the Manpower Division of the Department of Manpower and Immigration for the fiscal year ending March 31, 1975.

**Senator Herbert O. Sparrow** (*Deputy Chairman*) in the Chair.

**The Deputy Chairman:** Honourable senators, this afternoon I should like to welcome to our committee representatives from the Vancouver Board of Trade. Mr. Donald G. McGill is the President of the Vancouver Board of Trade. Mr. A. E. Scoten is the Assistant General Manager. With them are Mr. Alan F. Campney and Mr. Robert W. Keyes.

Mr. McGill, would you care to make your opening comments, please?

**Mr. Donald G. McGill, President, Vancouver Board of Trade:** Thank you, Mr. Chairman.

Honourable senators, the Vancouver Board of Trade is an autonomous voluntary organization of business and professional people who live and work, general speaking, in the greater Vancouver area. There are larger firms, however, quartered in the city which would have substantial operations in other parts of the province.

There are approximately 3,000 individual members in the Board representing approximately 1,550 companies. The scope of the Board's policies and activities cover a broad range of subjects and concerns from national economic policy to those affecting the development of our local communities.

Because of the high degree of participation of members, we feel that our representations to governments at all levels reflect a fair cross-section of the opinions of our business community. At the same time, we attempt to maintain lines of communication between various government departments and the business community. It is for this reason that we are happy to have been able to assist in providing the committee with information obtained from the questionnaire to our corporate members.

The survey and tabulation of the results was carried out by the staff of the Board of Trade, and with your permission I should like to ask Mr. Scoten, Assistant General Manager of the Board, to expand on these introductory comments.

**The Deputy Chairman:** Mr. Scoten?

**Mr. A. E. Scoten, Assistant General Manager, Vancouver Board of Trade:** Thank you, Mr. Chairman. I understand honourable senators have copies of our sub-

missions and the actual questionnaires sent out, but that you do not have the full replies. Since you may not be familiar with the entire material in the questionnaires, I will cover that in the question period.

Since our first letter we have done an analysis of the replies we have received, first by employer size—that is, the number of employees; and, second, by the type of business. This gives a further breakdown to the material in our letter.

As you will have noted, the replies contain mainly complaints about the placement service rather than the other services of Manpower. Employers, like other customers, deal with people with whom they have had a favourable experience. Many of the replies we receive indicate that many employers, because of an experience they have had in the past, are not now using Manpower services. Private agencies are competing quite well, and many of the comments involved indicate that employers feel that Manpower might be more effective if it were run along the lines of a placement agency with some incentives.

The most common complaint had to do with the quality and suitability of the prospective employees. There would seem to be a need for a specific contact between employers and someone in Canada Manpower who would be familiar with the employers' problems—someone they could talk to, could report back to and could call on more than once.

With that brief review of the items we have sent in to you, perhaps this would be an appropriate time to begin the questions.

**The Deputy Chairman:** Thank you, Mr. Scoten.

Senator Graham, will you begin the questioning, please?

**Senator Graham:** Mr. Chairman, I should like to ask what the Vancouver Board of Trade and its member groups or associations consider the prime responsibility of Canada Manpower Centres. Is it to the prospective employee, the man or woman who is looking for a job, or is it to the prospective employer, the person who is seeking to fill a job vacancy?

**Mr. Scoten:** The employers probably look to an equal responsibility, but, being on one side of the fence, the employer would probably look at it from the point of view of its being a responsibility to the employer. Undoubtedly there is also a responsibility to the employee to make sure that he is sent in the right direction; that he is not sent to the wrong vocation or the wrong job or to an appointment he is not capable of handling.

**Senator Graham:** In the summary of comments on page 2 I note that in your survey one of your respondents said



that the whole operation was a waste of taxpayers' money. On an annual basis Manpower expenditures involve in excess of \$700 million. How do you feel about that particular statement, which, after all, is a rather serious charge?

**Mr. Scoten:** Undoubtedly it is a little irresponsible, but it was probably made at a particular point in time when someone was answering a question, and it might well be that if you had the opportunity to talk to that person now he would give you a qualified answer rather than the definite statement you referred to.

**Senator Graham:** The second comment on page 1 of your summary of comments was that more co-ordination is obviously needed between Canada Manpower services and those of the Unemployment Insurance Commission. Further down in your summary you say that it appears that the main weakness in Canada Manpower is its close alliance with the Unemployment Insurance Commission. You say that Canada Manpower should be totally and completely divorced from the Unemployment Insurance Commission. I just wonder how you can rationalize the different points of view expressed there.

**Mr. Scoten:** You would have to understand that these are individual replies. As such, they do not reflect a consensus of the whole organization. They are merely excerpts from the actual answers we received. We listed them as they were written rather than in an attempt to say that this was a consensus of all of them. These are actually individual answers. One person says this and another person says that.

**Senator Graham:** Incidentally, I meant to thank you and the Board of Trade for taking the time to give this particular examination the attention you have, because I think you have been quite thorough.

One point which has come up at almost all our hearings, a point which has been put to us by industry, has been the need for closer liaison between Canada Manpower Centres and industry itself. The suggestion has been made that officers from the Canada Manpower Centres are not carrying on this kind of liaison; they are not visiting corporations and they are not visiting industries to find out their particular needs. Is that true from your experience?

**Mr. McGill:** What you have said is true. Fundamentally, the Vancouver Board of Trade is interested in how we can best serve both government and the business community. One of our problems has been to match the two needs. With these individual comments that might be either constructive or otherwise, we have found it difficult to follow up—in other words, to go back and search out the question—as might be expected if we had time to do so. I think we have been trying to look at the positive side of it, and see what we have learned by the results of the survey, so that we can do a better job, if that is indicated, as a result of our and your findings.

**Senator Graham:** Do you suppose it is also possible that industry, for its part, is not taking advantage of the services that are available through Canada Manpower Centres?

**Mr. McGill:** I think Mr. Scoten has some statistics that might be of interest there. There are some complications.

**Mr. Scoten:** Basically, I think the people who are going to be using the services of Canada Manpower do not know, and do not take the trouble to find out, perhaps, but on the other hand, they may not have the time to go and see what Canada Manpower is doing right in their offices.

There have been a number of changes in procedures and ways of doing things. We did have an excellent conference in Vancouver recently, in the course which officers from Ottawa and the senior officers from Vancouver told of the various programs offered by Manpower. I forget the number of people who attended that meeting, but they were concerned with the new programs—training programs and others—that were being developed by Manpower.

The main concern that came through in the replies to our questionnaire was, I think, the general dissatisfaction with a service that they were possibly comparing to the private sector; that is, they saw it as a placement service, and I think they feel that in the private sector they can phone someone they have had contact with, or that they might have known, or feel that they could phone more than once for a particular skill or a particular industrial classification, and know that they could talk to that person again. They felt they could be sure that that person was going to be there next week or next month, and would be handling the kind of account in question, so that if the person phoning had cause for satisfaction or dissatisfaction they would have someone there whom they knew and recognized at the other end of the telephone on a personal basis. The feeling is that when you deal with private placement agencies people know who they are calling, and that the person at the other end of the line is aware of what they require in the way of skills.

The private agencies do pre-screening, of course, and you pay for this, but as the replies indicate, the time element involved, if you are looking for a particular skill for a particular job, is quite often important. I am thinking of our own experience of skills. We know that if we phone a professional agency it will cost money, but the people we interview have been pre-screened, and in many cases pre-tested in skills, so that you have at least a beginning with which to start an interview.

**Senator Carter:** I notice in your brief that you say Manpower Centres should adopt the methods used by the Technical Services Council of Canada. Can you tell us a little more about those services, and how they are different from private agencies?

**Mr. Scoten:** I am not familiar with them. I am sorry. These have not been screened and put together. These are actual answers that were taken out of the replies we received in the office from the questionnaires.

**Senator Carter:** We do not know how many would have made that particular statement, then?

**Mr. Scoten:** I would presume that it would probably not be more than one. These are typical replies, and we tried to get one answer. Quite possibly it could have been just one.

**Senator Carter:** I do not know if someone can enlighten me on this, but I am thinking of the Technical Services Council of Canada. I have never heard of it.

**Mrs. Helen Small, Parliamentary Centre:** It is a non-profit placement agency for highly skilled professional staff, based in Toronto.

**Mr. McGill:** May I make an observation? One of the difficulties we found, that seemed to involve more than one concern, was in the area of placement of people in industry, with or without technological training, who are going to be hired into a plant, but who would be restricted in that entry because of the union hiring hall procedures. In other words, they would have to go to the bottom of the union recall list.

**Senator Croll:** I looked through that list of suggested improvements in Canada Manpower. I did not number them, but there are two and a quarter pages of them. Is there anything good about this organization at all, in your view?

**Mr. Scoten:** Yes. There were some very favourable comments on the training programs, particularly.

**Senator Croll:** There is nothing in here to that effect.

**Senator Neiman:** Yes, there is.

**Senator Croll:** Well, if anyone said this about me I would sue them. It is not that it may not be true, mind you.

**Senator Graham:** I think they do make some positive comments.

**Mr. Scoten:** I think in the letter, perhaps.

**The Deputy Chairman:** If you want something positive you could ask the Manpower officials to come back again.

**Senator Graham:** On that particular note, the Manpower officials will be given an opportunity to answer some of these charges—

**The Deputy Chairman:** They will.

**Senator Graham:** —presumably, because you put the private agencies first, the newspapers second, and Canada Manpower Centres third, as to their effectiveness. Is that correct?

**Mr. Scoten:** Yes. That is the sum of the answers.

**Senator Graham:** Am I correct in summing up your feeling that the reason the private placement agency is preferred over Canada Manpower is because they do more careful screening and more follow-up?

**Mr. Scoten:** Yes.

**Senator Graham:** Are there any other reasons?

**Mr. Scoten:** Usually the calibre of the people sent is one. Mind you, this would come out in screening and follow-up. Most complaints we noted were to the effect that the kinds of people who were sent either did not have the skills or were unsatisfactory from one point of view or another.

**Senator Graham:** Did any of these people indicate how much money they spent on advertising in newspapers?

**Mr. Scoten:** The private agencies?

**Senator Graham:** Not the private agencies.

**Mr. Scoten:** The people who were advertising?

**Senator Graham:** No.

**Senator Croll:** I think it is well to remember that the people who were here last week said exactly what this witness has said, Mr. Chairman. Were you in the chair?

**The Deputy Chairman:** No.

**Senator Croll:** Anyway, they said that first it was the private agencies, then advertising, and then Canada Manpower. I am sure they have not discussed this between them, but they both tell the same story.

**Senator Graham:** Do you have any idea of how many of your members have taken advantage of the Manpower training programs?

**Mr. Scoten:** From the answers that came back, I would say not a very high percentage as yet.

**Senator Graham:** There is one point that strikes me. One of the responding members deplored the use of bulletin boards in advertising job vacancies. Have you any idea why they would do that?

**The Deputy Chairman:** Are you talking about within Canada Manpower Centres?

**Senator Graham:** Yes.

**Mr. Scoten:** Perhaps they did not understand exactly what happens when an applicant takes a ticket from the bulletin board. My understanding is that he would go to an officer and ask to be referred to the firm that is asking for an applicant.

At this point I do not know whether Manpower decides whether to screen or to counsel, or whether they do anything more at that particular point than say, "This is XYZ company, and this is their address, if you are interested in going there." Now the applicant may not have the skill and may be just completing a job interview for UIC purposes. He may think that he really has an opportunity of getting a job. But there seems to be considerable dissatisfaction because of the fact that people who do apply to Manpower Centres are not qualified and, in many cases, are not even familiar with the kind of work they are applying for.

**Senator Graham:** Do you have any suggestions from the Vancouver Board of Trade as to how the image of Canada Manpower Centres might be improved?

**Mr. Scoten:** It seems to me that a few years ago there were more people going out from Canada Manpower to the business community. We used to have a call once or twice a year, as an organization as well as individual employers, and particularly our larger members. As well as that, they had industry specialists who were able to translate the needs of an industry in terms of requirements when a request for people or employees came in from that industry or from that firm. There seemed to be consistency of point of contact that I mentioned earlier, the person at the other end of the telephone having at least a friendly voice and being somebody you had



spoken to before. I think this responds more to human nature than just 'phoning a directory service.

**Senator Graham:** In Vancouver would you see any relationship between the needs of industry and the vocational training in high schools as now carried on?

**Mr. Scoten:** I am not that familiar with that situation. Perhaps Mr. McGill can answer.

**Mr. McGill:** I would think that part of the source of supply would come from the schools, and there has been a very marked increase in industry looking to special colleges, such as the British Columbia Institute of Technology, where skills are required and skills are already prepared for, and when the placement officers of the BCIT suggest that they have suitable people, then the communications between the employer and the potential employee are already established. Perhaps that is the source of our concern today. Communication and the education of the general public in the business community itself would be very helpful. I would point out that whatever has been said today by the Vancouver Board of Trade has been offered as constructive criticism. If we were in a position to help you further, we would be happy to do so. It seems to me that it is too early to judge whether it is achieving the purpose for which it was designed.

**Senator Carter:** Following along the line opened up by Senator Graham's questioning and referring to the effectiveness of the counsellors at the Manpower Centres, one of the remarks made was to the effect that if the counsellors were as efficient with respect to placement and screening as they were with grants there would not be any complaints. Could you elaborate on that?

**Mr. Scoten:** Well, that would be trying to interpret what somebody else had said. But I think there is a fair screening process for anybody applying for various grants, and perhaps that screening process might be translated into the day-to-day workings of Manpower placement.

**Senator Carter:** Would you support that statement yourself?

**Mr. Scoten:** There seems to be, through all of these, a requirement for some more screening than is being done at the present time on a general basis. What this would involve in the way of counselling and screening sounds to me to be rather a large task which would require a large number of people to be involved.

**Senator Carter:** When I read that statement the question that came to my mind was this: Is this related to the human element? In the Manpower offices, are they more interested in dealing with grants or are they more qualified to deal with grants? Are they not interested? Just what are the implications of this? Does it involve the human element?

**Mr. Scoten:** You are speaking now of the personnel in the Manpower offices?

**Senator Carter:** That statement implied that they do a good job in handling grants, but the picture I got was that when it comes to filling a vacancy or finding a job for somebody—they are apathetic and are not too interested.

**Mr. Scoten:** The feeling is that there is a need for more training of the people who do the initial screening. This comes through a number of times in the replies that we have.

**Senator Carter:** Then you say in another place that they should be disassociated again from the Unemployment Insurance Commission.

**Mr. Scoten:** You will find conflicting statements, because these have been made by individual members and we have not attempted to put one against the other to get some sort of consensus. They are given there just as they were written on the file of returns that I have here.

**Senator Carter:** But there is more than one; the same idea was expressed in different words. One person states that its main weakness is its close alliance with the Unemployment Insurance, and the same idea crops up elsewhere in different wording. What is the sense of that statement? What has being associated with the Unemployment Insurance to do with or how does it impair the effectiveness of Manpower, in your opinion?

**Mr. Scoten:** The official policy of the Board of Trade would be just opposite to the statements that have been made here. We have always advocated that Manpower and Unemployment Insurance work together as closely as possible. We have always urged that.

**Senator Carter:** This would be the thinking of your Board of Trade as a group?

**Mr. Scoten:** That is right. But what you have there are the individual expressions of opinion that come in.

**Senator Carter:** Would you say that the diversity of opinions arises from the fact that the people giving them have not realized and do not understand why the disassociation has been made? I ask that because at one time we did have a National Employment Service linked with the Unemployment Insurance Commission. Then they were separated, and with good reason. Does this indicate that these people do not understand why the separation was made?

**Mr. Scoten:** I think this is probably true, senator, without knowing the people involved and not having talked to them.

**Senator Carter:** But your own Board of Trade is well aware as to why the separation was made?

**Mr. Scoten:** We have urged that there should be as close a liaison as possible between Manpower and the Unemployment Insurance Commission.

**Senator Neiman:** At the same time, Mr. Scoten, you say here that "the main weakness in Canada Manpower is this close alliance with Unemployment Insurance Commission; Canada Manpower should be totally and completely divorced from the Unemployment Insurance Commission." What distinction are you making between those two statements in your recommendation?

**The Deputy Chairman:** Senator Neiman, I do not want to put words in the witness' mouth, but he has explained that these are statements picked out of the various replies they received. These are not the statements, nor do they reflect the policy of the Board of Trade. I think if,



when we take exception to or agree with any of these statements, we were to ask about them and ask about the point of view or the stand of the Vancouver Board of Trade on that particular question, then we might make a little faster progress.

**Senator Croll:** Mr. McGill, in answer to a question a few moments ago, when it was suggested that something was not just as it should be, you said, "Well, give them time." By that I take it you mean to give Manpower time. Is that the general attitude of the Board, that they are entitled to more time to perfect themselves?

**Mr. McGill:** No, Senator Croll, I would not infer that. I would like to say further to Mr. Scoten's remark that we have a unique employment situation in British Columbia and, in particular, in Vancouver. There is a certain militancy, as you know, which makes it a little difficult from time to time to satisfy the needs of labour. We are working very hard to overcome this problem. It is done on a mutual basis with labour and, of course, on a reciprocal basis with management. One of the things that I should say at this point is that I know probably more positive things that refer to Manpower than negatives. I can cite one or two instances in particular. I know that the Inuvik Manpower Centre is working most effectively, from a personal point of view, my son having worked there last year. I am connected with a company which employs a number of workers in Creston, where we are most pleased with the results of the Manpower Centre's operations. They provided a company with which I am associated with, I believe, ten men who came for training and they turned out to be outstanding workers in that plant. We consider the relationship to have been very worthwhile.

**Senator Croll:** Mr. McGill, it is very nice of you to say so, and we appreciate it. However, the letter which someone wrote, Mr. Scoten, I believe, at the bottom of page 2, states as an overview that they would have to say that many, if not most, of the firms responding are either unhappy with, frustrated by or disappointed in Canada Manpower. I would have expected you to say after that that these are generally accepted views, but it does not appear in the letter and it is very helpful to hear what you said.

May I ask Mr. Scoten a question as to turnover?

**Mr. Scoten:** Of staff?

**Senator Croll:** In your business generally, and among those who are part of your organization.

**Mr. Scoten:** That is very difficult, because our organization consists of some 1,600 firms, and I have no idea of their turnovers because they represent basic industries, in addition to secondary and service industries.

**Senator Croll:** Surely, Mr. McGill, you must have an idea in that regard?

**Mr. McGill:** Senator Croll, I would like to say that one of the experiences I have is with the company I am with, John Labatt Breweries, which has a plant in New Westminster, in which we experience a substantial turnover in personnel. We also know that this is a standard condition in that area.

**Senator Croll:** Is it unionized?

**Mr. McGill:** Oh yes.

**Senator Croll:** And you experience a substantial turnover?

**Mr. McGill:** Not in staff; the plant is unionized but the staff is not. However, we do find that in the general Vancouver area there is a great deal of transience, with people coming from New Zealand, Australia and so forth.

**Senator Croll:** Newfoundland?

**Mr. McGill:** Primarily they take temporary employment and work for perhaps three, four or six months, or maybe one year, and then they are on the go again to another location. We have usually accepted that in our own staffing problems and must simply do the best we can. Canada Manpower has been very helpful in that regard.

**Senator Croll:** Just while we are on this point, you say that there are a number of transients. You have always had that in British Columbia, as long as I can remember. They have come in and walked out. You have many valuable things. However, you have plants that are heavily unionized in British Columbia.

**Mr. McGill:** Yes.

**Senator Croll:** What would cause such turnovers in union plants which rely on seniority?

**Mr. McGill:** Quite frankly, Senator, we do not have very much turnover in our work force, primarily because our workers are hired through the hiring hall.

**Senator Croll:** So you are speaking now of the clerical element?

**Mr. McGill:** Yes.

**Senator Croll:** The remainder is normal?

**Mr. McGill:** Yes.

**Senator Carter:** I would like to follow up on one point. We have a survey which was based on 1,650 questionnaires mailed out and approximately 250 returned. That represents only 15 per cent of the membership of the Board of Trade. However, I gather from the statements made by the witnesses that the 15 per cent is really a cross-section and a fair representation of the pattern of membership in the Board of Trade. Then we hear much criticism, some of which may come from only one or two people. So how much credence we should give to that is a problem. I would like to ask the witnesses from their experience as businessmen hiring workers. From the experience of your association and what you know from your personal knowledge and direct contact with others doing this, what is the general picture that you have of the operation of the Manpower service? We have a general picture that they deal mainly with the unskilled and lower ranks and not with clerks and so forth. The main objection we have received is the same as applies here, that what they do get are very often poorly screened and not the types of persons requested from the service. However, apart from that, can you give us a broader picture from your personal experience?

**Mr. McGill:** Senator Carter, I really cannot speak with too much authority beyond the companies with which I am associated. I can say, however, that, by and large, it is achieving the purpose for which it was designed. The integration of this knowledge with the need is one thing, but there is also the problem of mobility. It may well be that you would like to hire someone to work in, for instance, Langley, which is 28 miles from Vancouver, and encounter a desire on the part of the applicant not to travel. He therefore refuses to accept the employment. This takes place vice versa also. If I may, I would like to ask Mr. Scoten to give statistical information.

**Mr. Scoten:** I do not have anything statistical. You are asking for personal observations, from experience?

**Senator Carter:** Yes.

**Mr. Scoten:** In our own office I am in charge of personnel and hiring. I have not hired through or even gone to Canada Manpower during the last two years.

**Senator Carter:** Was there any special reason for that?

**Mr. Scoten:** The last time I was looking for stenographic personnel and at least three days after I phoned and put in an order I phoned again and they did send a young lady, who was obviously not suited. She did not possess the skills we were seeking. Actually she had suffered a mental experience by reason of which she really should not have been sent out by Manpower in the first place. However, that was the only person who came forward for the particular job. This may not reflect particularly on Manpower, but also on our salary range, for one thing. It is hard to distinguish, except that I went to a private placement agency at the same salary range and was able to obtain three applicants within two days.

**Senator Carter:** You were expecting from Manpower more than one applicant?

**Mr. Scoten:** Yes.

**Senator Carter:** You received only one, and that one was not very suitable?

**Mr. Scoten:** That is right. This was our last experience. It appeared that either the people who were applying through Manpower did not have the kind of skill required for the job, or there were not many people in the stenographic field available at that time, or the salary level, compared to others on the bulletin board, did not look as attractive. I do not know.

**Senator Carter:** Our problem is to try to trace back and see what happened. The picture I get is that this was a girl who was out of a job, who walked in, saw the job on the bulletin board, went to the counsellor, and eventually wound up as the only one who was interested in the job; whereas there may have been half a dozen more on the files who were qualified for that job. What we do not know—and this is the gap I am trying to fill—is what effort was made by Manpower to see that you received the best satisfaction they could give you, or whether they simply relied on this one person who walked in, saw the job advertised and asked for it.

**Mr. Scoten:** I think that last statement was more true. It appeared to us that we did not get anything further than this one lady who came in.

**The Deputy Chairman:** May I ask Mr. Keyes whether he has any comment to make?

**Mr. Robert W. Keyes, Member of Council, Vancouver Board of Trade:** No, I do not.

**Senator Croll:** Did I understand someone to say they had a more up-to-date table than this?

**Mr. Scoten:** That was done as further analysis of the material we sent with the letter.

**Senator Carter:** Will this be printed in connection with our proceedings?

**The Deputy Chairman:** I believe it will be. If you request it, it will be.

**Senator Neiman:** Do you feel there is a general impression in, say, the Vancouver area that the CMCs are there really to provide unskilled labour?

**Mr. Scoten:** Yes.

**Mr. McGill:** I was going to say yes. They have the technically trained people and the records to serve the needs of the inquiry.

**Senator Neiman:** You feel that some of your member firms would go to CMC for technical help?

**Mr. McGill:** I would think so, yes.

**Senator Graham:** Did you refer back your dissatisfaction to the Canada Manpower Centre? Did you make them aware that you were unhappy?

**Mr. Scoten:** No. Nor did I make anyone aware that I was unhappy with the private agency who did not supply us with anyone; so I went to another agency and received satisfaction. Usually people do not go back to a store and tell people they are not satisfied, unless they want their money back. Usually if they do not see what they want in one store, they go to another store. Quite often it is hard to keep track of customers who do not buy.

**Senator Croll:** How many private agencies did you go to—two or three?

**Mr. Scoten:** For that one, I went to one.

**Senator Croll:** And before that?

**Mr. Scoten:** There are usually two or three that I go to.

**Senator Croll:** What are they?

**Mr. Scoten:** Do you want their names?

**Senator Croll:** It doesn't really matter.

**Mr. Scoten:** Some are locally based and some are nationally based.

**Senator Croll:** So far as Manpower is concerned, there was only one, against the possibility of two or three of the private agencies.

**Senator Neiman:** Is there not a difference, really, because you, as a taxpayer, have some reason to go back if you feel you are not getting the type of service you should from a government agency?



**Mr. Scoten:** Whom do I go back to?

**Senator Neiman:** Even to the manager of the local CMC. Do you not think that would be worthwhile?

**Mr. Scoten:** It probably would be.

**Mr. McGill:** You are perfectly right. We should try to fill the needs, but probably we do not.

**The Deputy Chairman:** Honourable senators, with your permission I would like to excuse Mr. McGill and Mr. Keyes. Mr. Campney is staying. Thank you, Mr. McGill for being with us. I appreciate the fact that you are leaving your other two officials with us for further questioning. We will introduce the representatives from Montreal. Mr. Tracey is the general manager from Montreal. He will fill in with your people when you are gone.

**Mr. McGill:** Thank you for allowing us to come here.

**Senator Carter:** Thank you for coming all this distance.

**The Deputy Chairman:** Honourable senators, at this time I would like to introduce the representatives of the Montreal Board of Trade who have kindly consented to appear before us today for questioning. On my immediate left is Mr. E. Lorne Tracey, the General Manager of the Montreal Board of Trade; Mr. Alex Harper, the Assistant General Manager of the Board of Trade; Mr. R. Charpentier of the Schering Corporation; and Mr. G. Heath of Household Finance Corporation.

Perhaps, Mr. Tracey, you would like to make a few opening remarks, following which we will invite questions from senators. With your indulgence, honourable senators, I would ask that questions be directed to either the members of the Vancouver Board of Trade, who are remaining with us, or the Montreal Board of Trade, so that we may have answers representing both sides of the country.

**Mr. E. Lorne Tracey, General Manager, Montreal Board of Trade:** Honourable senators, may I apologize for our late arrival? It is not by way of excuse but by way of explanation. We have completed our 158th annual meeting; so it was a rush to get to the airport. Thank you for providing STOL; it is a very effective way of getting from Montreal to Ottawa. I recommend it to Vancouver, not in terms of distance, but in terms of speed.

Thank you for giving us the opportunity of appearing before you today. We wish officially to deposit the survey we had presented some time ago by mail. It represents a survey which, as you know, we undertook to take among a group of our member firms in an effort to arrive at some answers to questions which had been posed to us in an earlier letter from the chairman of this committee.

Before going further, I would like to give you the background of the Board of Trade. As you know, we are a business organization and are part of the Chamber of Commerce movement across the country. Those few words tell you what we are, who we are, and what we endeavour to do in the interests of our local community and Canada at large.

We have 3,000 member firms, represented in our membership by some 8,500 individuals. I would like to think they represent all types of enterprises in the Montreal

area, including manufacturers, retailers, industrialists and so on.

The survey which we undertook in order to provide information for the benefit of your committee, which I hope you will consider useful, involved a relatively small number of firms. I would underline that they are a few of those who are experienced in answering surveys. They form part of a group of some 100 firms whom we survey regularly to give us immediate information on certain questions which are topical and of continuing concern to the Board and the community.

The firms in this compact group are a cross-section, ranging in size from very small to very large. We feel their data is substantial and effective and is truly representative of a broad cross-section of opinion.

Referring briefly to the survey, which I believe is before you, you will find that 80 per cent of the respondent companies do occasionally register for job vacancies with the CMCs.

As implied in an answer to an earlier question, the tendency is to register clerical and hourly paid functions as opposed to technical, professional, management and supervisory vacancies. Sixty-two per cent of firms advised they were not satisfied with the service supplied by the Centres. There were two main reasons advanced for that point of view. Firstly, very few applicants were referred back by the CMCs; and, secondly, the service on clerical and office positions was poor. Additional comments were that the feedback was too long in coming back and that the CMCs' staffs did not answer calls and did not appear to take down the full details on the employers' requirements. Some 36 per cent of the respondent companies indicated that CMCs handled job placement requests in a competent manner, whereas 51 per cent considered otherwise. The number of firms, however, was almost equally split in responding to the question as to whether or not the prospective employees provided by CMCs were trained in the job function for which they were requested by the employers, with 30 per cent replying in the affirmative and 34 per cent in the negative.

In the area of general comments and suggestions from the respondent firms, the recurring theme seemed to be that there should be more emphasis placed on a personalized service as between job placement counsellors and prospective employers.

I suppose this is an interpretation, but it would appear from the broad comments that one of the difficulties is that while the spirit and the intent of the legislation is well understood, interpreted by the legislators, if you will, and the senior management of the CMCs, the understanding, as in many other areas, does not seem to trickle down to the people who are working face to face with the prospective employers and those seeking jobs.

As I said before, this is something which is not peculiar to CMCs, but is something which often happens in service industries where, regardless of what one does at certain levels, it does not trickle down to the point of being inter-related, interfaced, with the people directly concerned.

With your permission, Mr. Chairman, rather than going to questions at this point, I will call on both Mr. Heath and Mr. Charpentier. Both Mr. Heath and Mr.



Charpentier are in the day-to-day business of dealing with CMCs, and they can give you specific on-the-spot replies as to what their experiences have been.

**The Deputy Chairman:** I am sure the committee would be pleased to hear from both gentlemen.

**Mr. G. Heath:** Thank you, Mr. Chairman.

Honourable senators, this opportunity to share the experiences we have had with the Canada Manpower Centres is appreciated. Hopefully, the mutual cooperation of government and employers will bring about improved services for all Canadians.

Household Finance Corporation's primary business is lending money, either through the extending of direct installment cash loans or the financing of sales contracts for creditworthy families and individuals. We are also in the mortgage loan business, primarily second mortgages.

The company was established in 1878 and began operations in Canada in 1933. Today, the Consumer Credit Division of HFC operates approximately 1,850 branch offices in the U.S., Canada and Great Britain. As Division Personnel Manager for the Canadian Eastern Division, which is made up of 110 branch offices situated in western Quebec and eastern Ontario, I can speak of our experiences with the Canada Manpower Centres only within those regions. We employ approximately 420 men and women within this sector of our vastly decentralized company.

Our recruitment activity is rather unique in that, with few exceptions, we hire into only two categories, those being branch representatives, who are trained in all phases of the business to become branch managers, and clerk typists, who handle the clerical, cashiering and receptionist duties in the branch offices. When recruiting to fill vacancies for branch representatives and clerk typists, we always, or almost always, register the vacancies with Canada Manpower. In the metropolitan areas—and here I am referring to Montreal and the Ottawa-Hull area—we have standing orders for branch representatives on file with Canada Manpower. Generally, our experience with Canada Manpower in the larger cities has been poor, while in smaller cities and towns we have had satisfactory results.

In the greater Montreal area, where we operate 58 branch offices, during 1974 we interviewed 744 persons for the branch manager trainee position and hired 55. During the year, I personally visited Canada Manpower offices on three occasions to discuss our staffing needs and, as previously stated, we have standing orders on file in all of the CMC offices. However, only four of the 55 branch manager trainees hired were referred to us by Canada Manpower. Newspaper advertising produced 33 hires. The other 18 branch manager trainees taken on strength were referred to us by present employees, or mutual friends, or simply walked into our offices looking for a job.

The ratio of hires to interviews is interesting, but reflects poorly on Canada Manpower's screening of candidates for the job vacancies listed with it. Canada Manpower referred 115 candidates to us in Montreal during 1974, out of which we hired four, which is a ratio of about 3.5 per cent. Newspaper ads generated

434 applicants, out of which we hired 33, or 7.6 per cent. The most efficient source proved to be referrals by present employees. We received 43 referrals and hired 13, or 30 per cent.

As regards recruitment for clerk typists, in the greater Montreal area during 1974, Canada Manpower produced one of the 34 hires.

Canada Manpower services in the Ottawa-Hull area were better. Four of the 11 branch representatives recruited during 1974 were referred to us by the CMC office in Hull; nine of 20 clerk typists hired during the year were Canada Manpower referrals, and again in this category the Hull office proved to be much more productive than did the larger Canada Manpower office in Ottawa.

It has been our experience that better results are obtained when a one-on-one relationship is established, and this explains why the Hull office has been a better source of new employees than has the Ottawa and Montreal offices combined. One of our Hull managers has remained in close contact with the counsellors at the Canada Manpower Centre in Hull, and as a result they understand our needs and are able to be of assistance to us.

The larger CMC offices in big cities are less efficient. In Montreal when an order is placed it is circulated throughout the area CMC offices by a computer run-off, and more often than not, the counsellor who took the order does not handle it. As a matter of fact, it seems personnel transfers within Canada Manpower are frequent, because it is difficult to make contact with the same counsellor twice. The misunderstandings which result from the poor communications explain why in Montreal in 1974 we were able to hire only four of 115 candidates referred by the CMC for the Branch Manager Trainee position, a clearly unsatisfactory performance as far as the employer is concerned, and demoralizing for the job seeker who is rejected by employers time and time again because he is a mismatch.

My comments about some of the smaller CMC offices where a one-on-one relationship between employer and counsellor may be established have been favourable. However, while these offices sometimes extend good service, they are not consistent. Using the same Hull office as the subject of my remarks, I will cite an example.

We needed the services of two additional branch manager trainees in the Hull-Gatineau area in April of this year. Recruitment activity was initiated including a letter to Canada Manpower Centre in Hull on April 9 asking for assistance and advising I would be in the area to interview candidates on April 17. The CMC Manager replied on April 11 and assured me of a maximum effort. However, from that date through April 17, when I proceeded to Hull, we received no referrals whatsoever. It appeared our order was overlooked or lost, and the CMC people did not even call me on April 17 while I was in Hull to explain their failure to act on our request.

The transcripts of earlier sessions of this committee include the Honourable Mr. Andras' expression of concern with respect to the high incidence of unemployment amongst our youth, defined as being 14 to 24 years of age. The jobs our company has to offer are trainee

positions and, consequently, are attractive to youth as a starting point for a future career. What do these young people think of Canada Manpower services?

In preparation for this meeting, I interviewed the last 15 branch manager trainees we hired in various parts of Quebec and Ontario. Eight of the 15 applied to us in response to newspaper ads; six were referred to us by present employees, mutual friends, or simply walked into our offices to enquire about the employment opportunities; and one was referred to us by Canada Manpower.

These recruits were from varied backgrounds. Some were previously students seeking full-time employment for the first time; others were unemployed; and others were working but wanted a better job. Of these 15 young people seeking employment in March, April and May of this year, only three registered with Canada Manpower; two others visited Canada Manpower to look over the job information centre but did not register. Why did these individuals not register with Canada Manpower? We asked them that question. Most replied that they had registered with Canada Manpower when job hunting in earlier instances and were greatly disappointed by the results. The most common complaint was that Canada Manpower had only poor jobs to offer, menial jobs, jobs with no future, jobs which they felt they were not suited to and would not be happy with. Many felt the counsellors they spoke with made very little effort to understand their needs and be of service.

First and foremost, Canada Manpower should be a placement agency to bring suitable workers and suitable jobs together. Canada Manpower, in their efforts to accomplish this, should not be side-tracked by special programs. Currently the task of analyzing the job seeker's qualifications and aspirations to match him with the "right" job is not being done satisfactorily. The ratio of interviews to hires amongst the group of candidates referred by Canada Manpower is evidence of this. Improvement in matching the right people with the right jobs will cause job seekers to gain confidence in Canada Manpower, and register with less hesitancy. Similarly, employers will gain confidence and look to Canada Manpower to a greater extent to help with their recruitment needs. The benefits to the nation of a better placed, more satisfied and more stable work force are of astronomical proportions.

**The Deputy Chairman:** Thank you very much, Mr. Heath. Before we start questioning, I wonder if I could ask Mr. Charpentier to make his statement.

**Senator Croll:** Mr. Chairman, there is one thing that troubles me here. Mr. Heath, who is an employer for whom I have considerable respect, has some very fine words to say about the Hull office, but he also says that the Canada Manpower record in Ottawa-Hull is the poorest of all.

**Mr. Heath:** That should indicate Ottawa rather than Ottawa-Hull. This is an error on my part. When I submitted that particular portion of the information I did not have the Board's survey. I guess freshest in my mind was the last two or three months' experience with Hull, which has not been good. However, if you look at the overall experience it has been good. Consequently, that

should be Ottawa itself, where the experience has been clearly poor.

**Senator Croll:** Ottawa has always been getting a black eye in this country for a long time; we know that.

**Mr. R. Charpentier:** Mr. Chairman, honourable senators: I am Employee Relations Manager at Schering Corporation Limited, located in Pointe Claire. We are a medium-sized pharmaceutical manufacturing company. We employ in Pointe Claire approximately 225 employees, broken down roughly 50-50 males and females in managerial, supervisory, clerical and plant positions.

During the year 1974 the turnover rate in our company was relatively low. Compared to other industries our rate is relatively low. In the year 1974 we replaced 43 permanent positions. These positions were basically replaced through newspaper advertisements, our own employee personnel files, people who had come in to fill out applications, private placement agencies and employee referrals. In the 12-month period of 1974 we hired six employees from private placement agencies. None was hired from the Canada Manpower Centre. Basically we refer all our plant position openings, and some clerical functions, to the Canada Manpower Centre. However, we do not register secretarial, supervisory or managerial positions with the CMC. The reasons for this have basically been that the applicants registered with the CMC who have come to us do not have the specific qualifications, the dependability and the stability we are looking for to fill these permanent positions.

In 1974, as I mentioned, some of the positions that we had in the plant were referred to the Canada Manpower Centre. To give you an example, here are some of the, let us say, experiences we have had in our company. Two of these positions were plant positions and one was a clerical position. In the case of the two plant positions, candidates were referred to us, but after having passed our simple dexterity test it was clear to us that the referrals would not do the job, and they did not seem to be too interested in working in our plant. In the case of the filing clerk, we did not receive an applicant from the CMC.

In 1975, in this year to date, we have placed two orders with the Canada Manpower Centre, one for a plant position and another one for a clerical accounting position. In the case of the plant position, there were two candidates referred to us. To one of the candidates we made an offer and hired him. The next day he called us and said he did not want the job and he never showed up. We therefore had to recall and make an offer to the second candidate, whom we hired. The office accounting position was referred to the Canada Manpower Centre roughly a month ago and we still have not heard anything from the CMC. However, in the meantime we hired another gentleman, who was referred to us by a private placement agency.

**The Deputy Chairman:** Thank you very much.

**Senator Croll:** Mr. Heath, you are a large employer of labour. I can understand what your problem is. Both of you seem to know what you are talking about. Have you recognized in the labour field a new kind of person, the young fellow who is shopping around to see



what he can find for himself, who moves from job to job, within the past four or five years?

**Mr. Heath:** This is a difficult question. I do not find youth that much different today in their approach to a career, their need for personal recognition, their need for job satisfaction, their need to feel important, their need to feel they are accomplishing something. They look different, yes; they are more permissive in many of their ways, yes; but the basic character traits that an employer is interested in, which enables an employer to motivate a man to get recognition in these things, his desire for recognition and achievement, I do not find that much different.

**Senator Croll:** Mr. Charpentier, what is your attitude?

**Mr. Charpentier:** I would tend to agree with Mr. Heath. I would like to add one comment. We find that some of the younger people on the market today are looking to establish a career or to establish themselves in a job, but they do not really know what they are looking for. They want to try something, but when you tell them, "This is the job. You will have to move some boxes from here to there in the warehouse," they are not too interested. They will comment, "Gee! I can get unemployment insurance. I don't have to work." This has been our experience.

**Senator Croll:** You are saying what others have said, and we appreciate it. I asked you about this new person who is appearing on the scene, who is looking for a better job, who is moving from job to job for the purpose of bettering himself. You say you recognize him, Mr. Charpentier?

**Mr. Charpentier:** Yes.

**Senator Croll:** Mr. Heath, who employs about three times as many people as you do, says he has not recognized him.

**Mr. Heath:** Maybe there is a difference in the nature of the job. I have not had the experience of having to ask a young fellow to carry boxes, which makes a difference.

I think that what I was trying to get at, senator, is that I do not think youth is different today in that if you throw a challenge to a young man, whether that is a job challenge or work, he will take that challenge and look for the recognition and satisfaction that he can find. To that extent, I do not think youth has changed.

**Senator Croll:** What does he do in your position, gentlemen?

**Mr. Heath:** He learns how to interview customers, how to take applications from merchants who are referring credit business to us, how to assess a credit application, or determine what investigation of the application is necessary. He makes recommendations as to what credit facility should be extended in certain circumstances.

**Senator Croll:** With a college education, mostly?

**Mr. Heath:** No, for the most part, high school. We have a very extensive training program, however, that

brings them along. We have an accelerated program for university graduates.

**The Deputy Chairman:** Would you have a high turnover?

**Mr. Heath:** Yes, we do. In my province with my company—I have not looked at the turnover statistics of other companies or other industries—I think our turnover is high. Any personnel manager I talk to complains that his personnel turnover is high. But the question is, how high is high?

**Senator Neiman:** Well, what is it?

**Mr. Heath:** It runs in the forties.

**Senator Neiman:** That does not seem high, compared to what we have heard here.

**Mr. Heath:** That is overall branch positions. In the lower level positions it is much higher. If we go into the trainee position it runs about 70. When we get to the assistant manager category it is about 20, so it runs out at about 40.

**Senator Croll:** Is there any advantage for a man to have seniority with you?

**Mr. Heath:** No, sir.

**Senator Croll:** With you, Mr. Charpentier?

**Mr. Charpentier:** No. There are advantages for vacation purposes, yes.

**Senator Croll:** Vacations are governed by law, so there is nothing there. Is there any other advantage that a man has as a result of being with you six, seven or ten years, as against the man who is there two years?

**Mr. Charpentier:** The company pension plan, the salary scale, yes. For our plant positions, the salary scale is based on service on the job. It increases after six months, a year and two years.

**Senator Croll:** Have you a union shop?

**Mr. Tracey:** No, we have not.

**Senator Croll:** Have you had any of this experience: the man next door, or two doors away, or a block away offers 5 cents or 10 cents more an hour, do your people walk out?

**Mr. Charpentier:** Some of our younger might be tempted to, and some of them do, yes.

**Senator Croll:** Many? "Some", you say. You cannot tell?

**Mr. Charpentier:** We do not have that high a turnover.

**Senator Croll:** And you, Mr. Heath?

**Mr. Heath:** I do not know of anyone who would be influenced by—

**Senator Croll:** Money?

**Mr. Heath:** —by such a small amount.

**Senator Croll:** We have had some witnesses here, large businessmen, who were telling us that in their area



an extra five cents an hour would mean almost a 50 per cent turnover in the industry. They are very capable people, just outside Toronto.

**Mr. Heath:** Money is a very important consideration and it is very difficult in industry today, with racing inflation, to keep the salary scale up to par, as the value of the dollar is changing so quickly. Yes, certainly we do lose people to credit departments and banks, and so on, who offer more money. We staff, I think, every competitor and every branch in the country—

**Senator Croll:** I am referring to hourly work.

**Mr. Heath:** I thought it was that somebody would move because there was \$5 more there. No. I do not think so—not a satisfied employee. When the carrot that is dangled in front of his nose is of the \$200 or \$300 a month variety, now you are talking temptation, yes, and we do have turnover from that source, very definitely.

**Senator Graham:** Mr. Heath, you suggested that where there is a one-to-one relationship in the smaller employment offices you have better results. Is that correct?

**Mr. Heath:** That is right.

**Senator Graham:** In a city the size of Montreal or Vancouver—and perhaps I can put this to our friends from the west as well—would you consider it would be more effective and more efficient to have more and smaller Manpower offices where there would be a more personal relationship?

**Mr. Heath:** I do not think that necessarily you need more Manpower offices. I think that rather than the Manpower counsellor being attached to a job category, he should be attached to a group of employers that he can become thoroughly familiar with. Whether he is working out of one big central office or 55, I think that makes no difference. It is that there has to be some stability. It appears within Montreal at least that there are many personnel moving from one place to another. There has to be stability which will create this one-to-one relationship. I think there should be an attachment between the counsellor and a group of employers rather than through an office.

**Mr. Scoten:** I would agree.

**Senator Croll:** We have heard that same comment before, but how many employees can we afford to have in that department, so that we attach so-and-so to your group and so-and-so to another group? We will run out of people to hire.

**Mr. Charpentier:** The private placement agencies operate basically on that basis. A counsellor has a group of companies that he is very familiar with, that he might visit, and when they call they are referred to him, so then he knows basically their requirements; he would know the personnel manager when he calls him, and he is aware of some of his requirements. In fact, I had an experience a few years ago with a private placement agency that I had never dealt with before, one of the really large international companies. I kept saying to myself that I would not deal with them, but one day I happened to meet the counsellor and she visited our

offices. Subsequently, I made a call to her and placed a requirement for a secretary. In a period of three months I was able to fill six secretarial positions through that agency. Because she knew exactly what we were looking for, she knew the type of industry we were in, and because she had met me and knew the conditions of the company, she was able to refer the kind of candidates we were looking for.

**Senator Croll:** We thoroughly agree with what you are saying. We know it from experience; but that personal service is very hard to give on a national scale. These people are specialists in their field and they are well motivated, so it is a different story. What is your experience in British Columbia?

**Mr. Scoten:** It would be very similar. In the big cities, like Vancouver, there is much less satisfaction than in the smaller centres. In the smaller centres the replies that we have indicate that people are relatively satisfied with their experience with the Manpower Centres in the smaller areas.

**Senator Croll:** Now, Mr. Charpentier is telling us what others have been drumming into us, that the private agency does exactly what he says they do, and that as a result they are compact and are able to do that. After all, some of our people do the very same thing, they go round and they make visits and they make contacts, but somehow or other it does not seem to work. "We call up Joe Smith and we talk to Joe Smith, and later the answer comes from somebody else altogether, from our agency." That is your main complaint, is it not? That is what we have heard before, many times.

**Mr. Charpentier:** We lose contact with the counsellor when we call to see him.

**Senator Carter:** Because the counsellors are located too frequently—

**Mr. Heath:** Senator, believe it or not, they are sometimes really difficult to find. You have made a case with a fellow and you think, "This man understands my needs, what I have to offer and what I am looking for." Then, when you have not heard from him for four or five days, you try to reach him. No way; it is very difficult; he is on a different assignment, or he takes it down and it ends up in going through a computer system and other people handling it—but he is not handling it.

**Senator Croll:** Mr. Heath, the minister assured us in the early stages here that he appreciated that that was a weakness, and one of the things they were going to do was to improve on the counsellors. That was the first task they had, as I recall it. But we appreciate that it is hard to change overnight.

**The Deputy Chairman:** Mr. Charpentier, you were talking about a lady counsellor from the private agency who filled for you four or five secretarial positions. Was she competent to fill any position that you would require in the firm or was she only specialized in that area?

**Mr. Charpentier:** She was more or less specialized in the clerical-secretarial area.

**The Deputy Chairman:** What are you looking for in a counsellor, then? Are you looking for someone who is familiar with the whole operation and can fill any position in your firm?

**Mr. Charpentier:** No. In fact, there were comments in the survey indicating that from a practical point of view it would not be a bad idea to have a counsellor for hourly positions, a counsellor for the clerical and secretarial positions—or you might even separate those two—and a counsellor for supervisory positions and one for managerial and executive positions.

**The Deputy Chairman:** In which case each one would look after several firms?

**Mr. Charpentier:** Yes. There might be an advantage in grouping the firms by types of industry, because different industries are quite different in terms of their hourly positions. Mr. Heath's clerical positions would be quite different from our clerical positions, for example. Again, manufacturing and servicing companies' needs would be quite different.

**Senator Carter:** How many counsellors would a private agency have on its staff? Would they be specialized or broken down into categories?

**Mr. Charpentier:** I have not worked with a private agency before. It is difficult to answer that question.

**Senator Carter:** But you deal with them.

**Mr. Charpentier:** Yes.

**Senator Carter:** But I suppose you deal with them only for a certain class of job placement, such as secretarial work. You would not know what other counsellors they might have.

**Mr. Charpentier:** It seems to me that if you were dealing with an agency of clerical and secretarial positions, they might well have a staff of from 5 to 15 or even 5 to 20 people.

**Senator Carter:** Whose job it would be to match people with jobs?

**Mr. Charpentier:** Clerical positions, secretarial positions, yes.

**Senator Carter:** An ordinary Manpower office would not have any more than that.

**Senator Croll:** I think Mr. Charpentier is a little out in his figures. Perhaps there would be five, but surely not 15.

**Mr. Charpentier:** In the city of Montreal there are at least five or six companies with at least 15 of these employees.

**Senator Carter:** Could Mr. Heath give us his experience?

**Mr. Heath:** My experience dates back over six years ago. We have not found it necessary to use them in the past six years. We avoid it where we can, because it is a costly practice. Anything I could tell you would be ancient history and not relevant.

**Senator Croll:** What would the normal cost be?

**Mr. Heath:** Ten per cent of the annual salary or something in that neighbourhood.

**Senator Croll:** I thought you people would be glad to absorb the cost if you could get the help.

**Mr. Heath:** My superiors are not, senator.

**Senator Carter:** There is a problem that concerns me. If a young fellow goes into Canada Manpower and Manpower does not take the proper interest in him, but ships him out without much counselling or much effort to match him to the job and the young fellow goes and gets rejected, that is bound to have a bad effect on that person. If he is then rejected again, and perhaps even a third time, what is the effect of that going to be on the young fellow?

**Mr. Heath:** He is a pretty demoralized young fellow. This is the crux of the problem. Time did not permit a greater sampling, but of the 15 young fellows I talked to prior to coming here, there were only three who had registered with Canada Manpower. The other 12 had not registered because their previous experience had broken their confidence in Canada Manpower.

The proper matching of a person with a job goes far beyond his basic qualifications of education. It goes into his character traits and natural abilities. For example, we require people who have the talent to deal with people—the sales-oriented type, if you wish. There are so many facets of a person's make-up which come into play in matching him to a job: his education; his character traits; his own aspirations. If the young fellow is asked, "Why don't you go out and see about this job as an assistant cook?" that just hits him as being something totally negative. There is no way, even if he takes the job, that he is going to stay on in it. But the counsellors seldom seem to take the time to get into what makes the particular person tick: What does he have to offer to an employer? What are his qualities over and above education? What is his experience, his expression, his ability to communicate? What can we see this man developing into in the future? What are his aspirations? What would he like to be? This is the crux of the problem.

Once the young fellow is burned two or three times he will be most reluctant to put any confidence in Canada Manpower. Naturally, when Canada Manpower does not have this quality individual, who is looking for more than he is getting, then the employers lose confidence in Canada Manpower because they cannot get that qualified individual through Canada Manpower. So it is a difficult problem.

I know that it takes years to become an experienced selector of personnel for a company. It takes years of experience to know people well enough to be able to determine whether there is going to be a match or not. I do not think most of the counsellors within Canada Manpower have that ability.

**Senator Croll:** Mr. Heath, you are a large employer with about five or six years' experience, I think you said.

**Mr. Heath:** I have had 15 years in personnel, sir.



**Senator Croll:** If you are having trouble, think of the trouble our poor counsellors must be having at the other end.

**Mr. Heath:** I am not saying I am having trouble. I would like to see a better job being done by Canada Manpower that would keep my recruitment costs down and would keep my staffing more complete so that the company could operate more efficiently. I do not experience any problems identifying the qualities of a person, but that takes time. It is not something which happens overnight. It takes time to acquire that ability.

**Senator Carter:** Would you say, Mr. Heath, that so far as counselling is concerned the counsellors themselves have not yet grasped the philosophy behind the change that took place when we changed to the concept of Manpower from the old National Employment Service? As I understand it, the concept of changing was based on the philosophy that manpower is a resource and we should develop that resource. If they are not taking the interest in our young people in respect of these characteristics which you enumerated—their aspirations and qualities and potential and so on, then they are not really carrying out the main functions of the Manpower office, are they? Is it the case that we do not really understand what that function is? Are they still thinking in terms of the old National Employment Service?

**Mr. Heath:** If you are asking me to evaluate the ability of Canada Manpower counsellors, from a distance I am not impressed. Whether it is because they view their responsibilities incorrectly or not, I do not know. From within Canada Manpower I presume that could be seen.

One factor which, as far as I am concerned—and I touched on this in my opening remarks here—has an adverse effect, in my opinion, is that they are sidetracked into special programs. May I cite an example? This goes back a couple of years, but it is such a clear instance that it remains in my mind.

My offices are in Westmount, not far from the Montreal Forum. I had been over to Canada Manpower, nearby, and talked to the counsellor. I went into Canada Manpower and placed an order with him. I was looking for some trainees at the time. About two or three days later I had not heard from him and I called him. He was going to get back to me immediately. Still I did not hear from him, and about a week later he phoned and asked, "Mr. Heath, does your company have a training-on-the-job program?" I said, "No, it does not. For numerous reasons our executive decided against it." We talked about that and he said, "Maybe you should have a training-on-the-job program." He started to sell me one but I said, "Right now, that is not my concern. I have some empty chairs that I want to get filled with people. I gave you an order a week and a half ago."

To make a long story short, he finally admitted to me that he had not been able to work on my order because his superiors had told him that the regional office felt that their branch did not have enough training-on-the-job programs, that the training-on-the-job programs they did have were not sufficiently filled, and that the statistics at the end of the month would not be favourable. Consequently, he wanted me to take a training-on-the-job program.

**Senator Carter:** He had a quota to fill?

**Mr. Heath:** That is correct. He wanted me to take a training-on-the-job program in terms of which the government would pay 75 per cent of the trainees' salary. I wanted to pay 100 per cent of their salary, but I wanted them in the office where I could put them to work. But, no, he could not help me to give away my salary dollars because he was working on a training program which was being paid for with money coming out of the public coffers.

**Senator Croll:** But, Mr. Heath, those training programs have been very valuable across the country. I mean, they did not suit your purpose at that particular time, but they are very valuable across the country. The idea was to sell them; they have sold them, and they have done very well with some of them.

**Mr. Heath:** It may be so, senator, but I do not think they should be sold at the expense of the primary function of placement when an employer is short of people and is prepared to pay 100 per cent of the salary.

**Senator Croll:** Mr. Heath, from the description you gave of various people, the qualifications and what-not that you require, can a computer do that job better than a counsellor?

**Mr. Heath:** No way.

**Senator Croll:** One of the excuses you got was that the thing was being handled by computer. Did you say that?

**Mr. Heath:** No. My reference to the computer was to the effect that if you describe the job you have, the counsellor takes it down and then, as in Montreal, where I believe there are 12 CMC offices, it is distributed to those 12 offices by computer.

**Senator Croll:** But that has nothing to do with the computer. That is just information.

**Mr. Heath:** Yes, but how the counsellor in the other office understands that information coming off the computer may be very different from the way the fellow who took it down understood it.

This whole thing reminds me a little bit of the game we used to play in the Scouts. We would sit in a circle, and the first fellow whispered something in the ear of the fellow beside him. What he whispered went around the room, and when the message got back to the first guy it was totally and completely different. That is one of the problems with Canada Manpower.

**Senator Croll:** I want to tell you something: we in the army had something like that problem too.

**Senator Neiman:** I think Mr. Heath has answered my next question, to some extent. I was going to refer to some of the comments he made to the effect that he felt that the primary function of Canada Manpower should be in the placement area, and that these other services should perhaps be de-emphasized to some extent. I can see where Mr. Heath would not be interested in the peripheral services, but would that be equally applicable as far as you are concerned, Mr. Charpentier?



**Mr. Charpentier:** Their other services, you means?

**Senator Neiman:** That is right. On-the-job training, or perhaps even outside your own industry, among your friends. Do you feel, from what you know, that these training and other services are of some assistance?

**Mr. Charpentier:** Well, a few years ago a group of pharmaceutical companies approached the Canada Manpower Centre to establish a training program for a specific position that the companies were having difficulty in filling. Twenty-four companies were interested in getting some type of training program under way.

**Senator Neiman:** Is this all in the Montreal area?

**Mr. Charpentier:** Yes. A representative from the Canada Manpower Centre came to the group and said, "Well, it would take six months to set up this program, and it would cost approximately \$10,000." The companies were making an attempt, we felt, to fill a gap that existed, but they could not pay for this as a group, because they were looking for a source of manpower. Subsequently, the companies decided they could not go along with this type of program that in fact would not begin until six months hence.

**Senator Neiman:** I am a little confused, then, about that, because I felt that the policy of the government was to offer to pay 75 per cent. Would this \$10,000 be the equivalent of the other 25 per cent which should have been picked up by the company?

**Mr. Charpentier:** That I could not tell you. I was not in the industry, nor in the company, at that time; but this was a specific example that was given with regard to setting up a training program for a specific hourly position.

Regarding the other part of your question, we have our own training programs for our employees, and from what we are told, if we do not change our program, or do not modify it, we cannot claim for training assistance or training help from the CMC.

**Senator Neiman:** For what reason? Were you given a reason?

**Mr. Charpentier:** They told us that that was the policy with regard to training programs. If we had an established training program, and this was what we were using for training our employees, but we did not change that program, or modify it, we did not qualify for training assistance.

**Senator Neiman:** You mean, if you changed the title from A to B, that would be sufficient?

**Mr. Charpentier:** I do not think it is quite that simple. For instance, if we had a new type of position to train people for, and had a training program, part of which we could not use, and had to modify or adapt it to this new position, then we would qualify. This, however, is not our case. Our positions are fairly well established, as they have been for years, and we are training people for them under our own training program. Because we are not changing these programs, however, we do not qualify for CMC assistance.

**Senator Neiman:** I wonder if Mr. Toupin can clarify that. It occurs to me that this may be the regulation

whereby Canada Manpower will not give assistance to existing programs.

**Mr. D. Toupin, Director General, Client Services, Department of Manpower and Immigration:** Generally, if a training program were to take place, we would not support or subsidize the company. We would want to encourage training, but we would not want to pay for it if it was going to take place in any case. In your case, therefore, Mr. Charpentier, you have, as I understand it, a training program which has been in operation for some years with regard to your own employees. The government wants to encourage the development of training—this is classroom training we are talking about—and, of course, this does not fall within the guidelines of the program at the present time.

**Senator Neiman:** Classroom as opposed to just on-the-job?

**Mr. Toupin:** As opposed to on-the-job training.

**Senator Neiman:** What is yours, Mr. Charpentier, classroom training or on-the-job training?

**Mr. Charpentier:** In any manufacturing company training is twofold. You give them some training that you might call theoretical training, which could be classified as classroom training, but then there is also a certain amount of on-the-job training. The training program we have, however, covers both of those areas. If I may just quote here, we are told that:

Among other things this program enables you to devise and initiate your own training programs.

But then we were told that we were not devising or initiating because we had an existing program.

**Senator Neiman:** It is one of the provisions in the act that I find quite illogical.

**The Deputy Chairman:** If I might just ask a supplementary question, do you as a private entrepreneur believe that the government has a responsibility to train your employees? If I had asked you that question ten years ago, the answer might be different; but do you believe now that the government has this responsibility or are you shifting a private responsibility on to the government?

**Mr. Charpentier:** No, I would have to say it is the responsibility of the company to do their training. However, the costs of the training, and the difficulty of finding people who are fully trained, might make it more advantageous if the government were involved in helping us to do a better job in our training.

**Senator Croll:** But that is exactly what the government does. If you need employees, the government is prepared to join with you in new on-the-job training but not to do what I would call normal training, because otherwise we are subsidizing you. You have a training program that you have had for years, so what part have we to play in helping you pay for that program? The benefit from training that man comes to you and to him: you get better profits, and he gets better wages. We have no part in him at all.

**Mr. Charpentier:** But these are new employees we are hiring, and we have difficulty in finding certain types of employees because they do not have the qualifications we are looking for.

**The Deputy Chairman:** But it is no different now from what it was five or ten years ago in any industry. A new person starting was not qualified and had to be trained on the job. Now is it Manpower's responsibility to find you a man to apply for that job who would be qualified to train, and does their responsibility stop there; Or are they now responsible for finding the man to be trained and for training him as well? I do not think so.

**Senator Croll:** He does not think so either. I think you are right, Mr. Chairman, and Mr. Charpentier agrees with you that that is not our responsibility.

**The Deputy Chairman:** Mr. Tracey, would you like to comment on that?

**Mr. Tracey:** Brifley, I hope not.

**The Deputy Chairman:** Any further questions?

**Senator Croll:** We should thank the witnesses very much. Their evidence has been very useful.

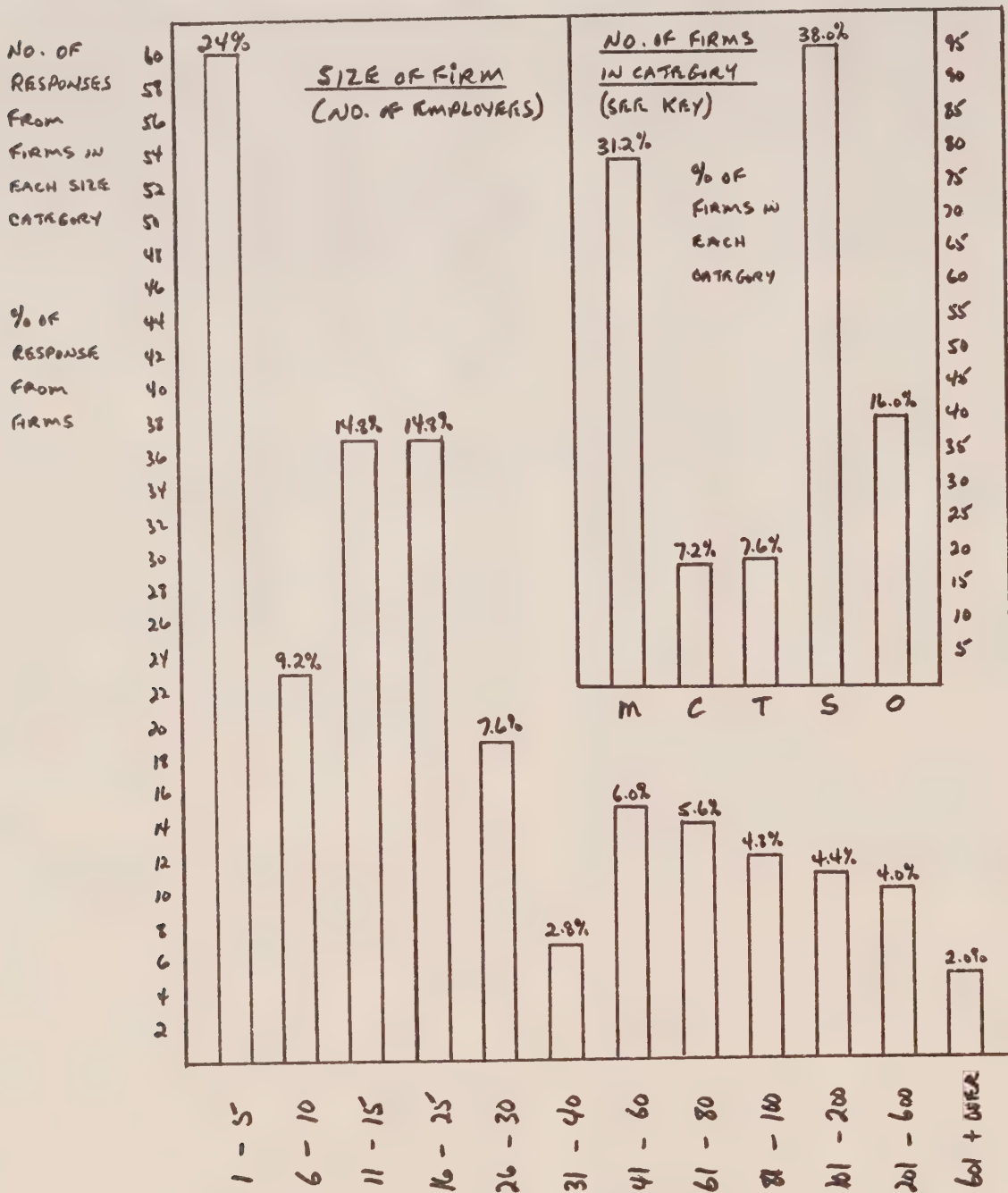
**The Deputy Chairman:** Yes, on behalf of the committee I want to thank you gentlemen very much. Mr. Scoten, I particularly appreciate your coming from Vancouver and for staying with us when your colleagues had to go. To you, Mr. Tracey, and to your people, I also want to extend our most sincere appreciation. It has been a most useful session. We now have a very clear viewpoint from people who are directly involved. We hope that you will read our report when it comes out.

The Committee adjourned.

VANCOUVER BOARD OF TRADE  
SURVEY ON C.M.C. SERVICES TO BUSINESS

Appendix A V.B.T.'75

NO. MAILED OUT : 1,650\* NO. RETURNED : 250 (15%) \*CORPORATE MAILING



KEY : M - MANUFACTURING C - CONSTRUCTION T - TRADE  
S - SERVICE O - OTHER



## VANCOUVER BOARD OF TRADE

1177 W. Hastings St., 5th Floor, Vancouver, B.C. V6E 2K3  
Telephone 681-2111, Area Code 604

*Appendix "B"*

January 29, 1975

The Honourable Douglas D. Everett  
Chairman  
Standing Senate Committee on National Finance  
The Senate of Canada  
Parliament Buildings  
Ottawa, Ontario

Dear Mr. Everett:

Re: Survey of Canada Manpower Centres Services

As mentioned in our letter of January 14, 1975 we mailed a questionnaire to member businesses in the Greater Vancouver area, of which 250 (15%) were returned completed within the deadline.

Because of the nature and scope of the questions and answers it was almost impossible to tabulate all replies. However, we have attempted to analyse the first question, in all its parts, pertaining to Canada Manpower Centres assisting employers in filling their job vacancies, and have commented generally on the replies to other questions in the survey.

As background for your analysis, we are forwarding, under separate cover, copies of the responses to the questionnaire.

Question 1.a. (see attached questionnaire) dealt with both the extent to which each firm registers its job vacancies with Canada Manpower Centres and whether or not some jobs were registered more frequently than others.

Our analysis showed that 48 (19.2%) of the firms responding do not register any jobs with Canada Manpower Centres. The reasons for this are various and many are characterized by the key words appearing in the answers to question 1.b.\* Nearly half of the replies (122 or 48.8%) indicated that the employers register only infrequently; 52 or 20.8% registered frequently and 24 (9.6%) always register their job vacancies with Canada Manpower Centres. There were 4 (1.6%) of the questionnaires which had no answer for this question.

Jobs mentioned as being registered more frequently than others were: unskilled labour, clerk/typists and casual labour.

## VANCOUVER BOARD OF TRADE

Mr. Douglas D. Everett

- 2 -

January 29, 1975

Question 1.c. asked for a comparison between the effectiveness of Canada Manpower Centres and other methods of selling or filling job vacancies.

Only 10 (4%) out of 250 replies said specifically that Canada Manpower Centres were "most effective" while 79 (31.6%) said Canada Manpower Centres were "least effective" and 14 (5.6%) said Canada Manpower Centres were "comparable" to other methods.

We note that 56 (22.4%) firms gave private placement agencies a rating of "most effective" and 50 (20.0%) said newspaper advertising was "most effective" while 40 (16.0%) either did not specify which was best or did not answer.

Of the 116 firms which actually specified which one method they thought to be "most effective", only 8.6% said Canada Manpower was most effective. Private placement agencies were rated "most effective" by 48.3% and newspaper advertising was a close second with 43.1%.

Answers to questions 1.d. (i, ii, iii and iv), "How Well Do Canada Manpower Centres Serve In Filling Job Vacancies?" were rated as to the OVERALL RESPONSE being either FAVOURABLE or UNFAVOURABLE. Our survey showed that 123 (49.2%) firms gave a response judged to be UNFAVOURABLE to Canada Manpower Centre services. FAVOURABLE responses to this section of questions were received from 67 (26.8%) of member employers in this area. Other replies (60 or 24.0%) could not be classified as being either "favourable" or "unfavourable".

We were interested to note that many firms said Canada Manpower Centre staff were "fast and/or courteous" but not "efficient".

On the more positive side, a distinctly "favourable" response was received to the question which dealt with the experience of employers who took advantage of the Canada Manpower Centre's training program under which employers may be eligible for grants to offset the costs of training employees.

As an overview, we would have to say that many, if not most, of the firms responding are either unhappy with, frustrated by or disappointed in Canada Manpower's services. Many questioned the "lack of interest and initiative" displayed by Canada Manpower Centre employees in addition to the "poorly trained", "unqualified" and "apathetic attitude" of applicants who were sent for interviews. In particular, the use of a bulletin board to display job vacancies was deplored, as was the seeming inability of Canada Manpower Centres to best answer the job description requirements.

The attached list is a sampling of some of the most often repeated comments on Canada Manpower Centre services and suggestions for their improvement.

## VANCOUVER BOARD OF TRADE

Mr. Douglas D. Everett

- 3 -

January 29, 1975

We feel that your committee should seriously consider the detrimental effect that this apparent lack of faith by corporations in the services provided by Canada Manpower Centres is having on the successful achievement of Canada Manpower Centres' two main goals . . . finding jobs for people, and filling job vacancies for employers.

Thank you for the opportunity you have provided for the corporate members of the Vancouver Board of Trade to present their views on the services provided by Canada Manpower Centres in this area.

We would greatly appreciate receiving your comments and, eventually, your committee's report on this survey.

Sincerely,



A. E. Scoten,  
ASSISTANT GENERAL MANAGER

Vancouver Board of Trade

cc: J.H.M. Cocks  
Director of Research  
and Administration

Att.

\* We found in question 1.b. "Why do some employers hesitate to register job vacancies with Canada Manpower Centres?" that the key words used in the many explanations appeared as follows:

- lack of results (poor response or service on the part of Canada Manpower Centres) - 74 times
- unsuitable or unqualified applicants sent by Canada Manpower Centres - 57 times
- poorly screened - 32 times
- others were: waste of time (12), apathetic applicants (8), slow service (5)
- 9 responses listed "closed shop" union restrictions as their reason for not using Canada Manpower Centres.



## VANCOUVER BOARD OF TRADE

1177 W. Hastings St., 5th Floor, Vancouver, B.C. V6E 2K3  
Telephone 681-2111, Area Code 604

January 13, 1975

## CORPORATE MEMBERS

Dear Member

CANADA MANPOWER SERVICES

What has Canada Manpower done for you lately?

The Senate Standing Committee on National Finance is in the process of examining the Manpower division of the Department of Manpower and Immigration. One aspect of this examination is how well Manpower Centres across Canada provide their services to their customers. We have been asked to provide useful and worthwhile information based on the experience of our members who have used Canada Manpower Centres.

It would be very much appreciated, therefore, if you would complete the attached questionnaire detailing your company's experience. The questions are those asked by the Senate Committee.

The Honourable Douglas C. Everett, Chairman of the Senate Committee, assures us that any information that you can contribute pertaining to the services provided by Canada Manpower would be of assistance to the committee.

Thank you for your interest. We would appreciate receiving your reply by January 20th if possible, so that the results may be collated and forwarded before the end of this month.

Sincerely,



A. E. Scoten,  
Assistant General Manager

: lmt

Please return to:  
Manpower Questionnaire  
Vancouver Board of Trade  
1177 West Hastings Street, #500  
Vancouver, B.C. V6E 2K3

Questionnaire (As requested by the Senate Standing Committee on National Finance)

1. One of the tasks of Canada Manpower is assisting employers in filling their job vacancies.

a) To what extent do you or your firm register job vacancies with Canada Manpower Centres? In this connection are some types of jobs registered more frequently than others?

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b) Why do some employers hesitate to register job vacancies with Canada Manpower Centres?

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c) What are your views on the comparison between the effectiveness of Canada Manpower Centres and other methods of selling job vacancies, i.e.: newspaper advertising, private placement agencies, etc.?

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d) How well do Canada Manpower Centres serve in filling job vacancies?

(i) Does the Canada Manpower Centre provide fast, efficient, courteous service?

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(ii) Do Canada Manpower Centres handle job placement requests in a competent manner?

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(iii) Are the prospective employees provided by Canada Manpower Centres trained in the job function for which they were requested?

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(iv) Are Canada Manpower Centres more effective in providing certain classes of employees over others, i.e.: clerical, management, sales, service, production, skilled labour, unskilled labour, etc.?

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e) It has been brought to the attention of the Committee that in some cases Canada Manpower Centres receive inadequate job descriptions, thereby making it difficult to provide suitable applicants. Have you any comments on this?

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2. As you may be aware, another service provided by Canada Manpower is a training program under which employers may be eligible for grants to offset the costs of training employees and, in some cases, part of the wages of trainees. To what extent do you take advantage of this program? Have you experienced any difficulty in obtaining grants? Has this training been worth while?

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3. Have you any other comment that you feel would be of use to the Committee on the operations of Canada Manpower Centres?

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4. What improvements to these services provided by Canada Manpower Centres would you suggest?

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Name \_\_\_\_\_ Title \_\_\_\_\_

Firm \_\_\_\_\_ Telephone \_\_\_\_\_



## VANCOUVER BOARD OF TRADE

SUGGESTED IMPROVEMENTS TO CANADA MANPOWER CENTRE SERVICES

Excerpts from Canada Manpower Questionnaires dealing with comments that the member firms would feel to be of use to the Standing Senate Committee on National Finance.

- Manpower must conduct some initial screening to ensure applicants are qualified for the jobs offered and then follow up with the employer to make sure that the applicant applied for the vacancy.
- More coordination between Canada Manpower Services and those of Unemployment Insurance Commission is required.
- Revert to more direct counselling especially with selection problems that employers are having. Concentrate on individual weakness with direct counselling rather than enrolling in training programs.
- If placement officers were to visit various industries and investigate types of jobs available they could better understand requirements. More contact with employers is needed to determine more accurately their Manpower needs and recruitment procedures.
- Should revert back to previous system of having one department handling one skill, rather than general job posting.
- Greater efficiency overall.
- Train counsellors in the particular industry and position they will be referring. The rotation of counsellors seems to generate a situation in which company representatives have no officers they can contact on a long term basis.
- Canada Manpower Centre personnel need more training to give them a broader scope of the different types of working people.
- It appears the main weakness in Canada Manpower is its close alliance with Unemployment Insurance Commission. Canada Manpower should be totally and completely divorced from Unemployment Insurance Commission.
- Manpower should send out a slip with the applicant to be filled in by the prospective employer so that he can comment on the applicant and return by mail.
- Canada Manpower must get off its rear end and start working like a private agency. If manpower would take the same interest in finding people work or finding workers for employers and could be as effective as they are in dealing with the training grant they could make a worthwhile contribution to our society.
- A higher calibre of personnel within the Centres would lead to improved services. There should be a more thorough and professional aptitude testing system for executive service.
- A study should be taken to find out why placement agencies are far superior to Manpower.

- A great deal of Canada Manpower Centre problems can be blamed on a system which does not penalize severely enough those individuals who do not seriously make an effort to earn a living in a productive manner. Reduce unemployment and welfare benefits to the employables and Manpower service would be tremendously improved by just the increase in eagerness to work.
- Canada Manpower Centres should provide better and more personal attention to the prospective applicants so that more experienced applicants may register with their offices.
- Canada Manpower Centres should adopt methods used by Technical Services Council of Canada.
- Staff at Canada Manpower Centre offices often appear to lack ability or attitude suitable to their position.
- When a job order has been placed the Canada Manpower Centre should go to their files and find the best qualified person for the job instead of posting a job vacancy on the bulletin board.
- Get rid of "deadwood" and develop employment officers with the attitude that they are there to provide a service to industry.
- We believe a number of individuals are only expressing an interest to fulfil their obligation to Unemployment Insurance Commission and are not wanting or prepared to accept positions that Canada Manpower Centres have referred them to.
- The whole operation is a waste of taxpayers money. People who want to work will find employment. Those who don't want to work don't need Canada Manpower Centres. Those who are living off the public purse should be forced to take a job that is available.
- A high proportion of students receiving manpower aid (grants) have no intention of gaining employment upon completion. Instead they look for further aid.
- Keep in touch with employers advising them of the categories of the personnel seeking employment rather than waiting for employers to contact Canada Manpower. (This is a policy with private placement agencies.)
- Canada Manpower is a typical government agency in which no one is motivated to do a good job so results are mediocre, as could be expected.
- Businesses would not pay private agencies if the "free" services of Canada Manpower were even remotely comparable.
- A Manpower Centre should be operated as efficiently as possible.  
i.e. matching the individual with the job and giving the individual some kind of job counselling, otherwise you might as well post a vacancy on the bulletin board at the laundromat.
- Reorganize the system to allow cross reference between departments.
- Do something to put an end to the practice of referrals not showing up for appointments for interviews.

- The effectiveness of Canada Manpower Centres is partially negated by the practice of closed shop union hiring halls requiring that employers deal only with them.
- Consideration might be given to improving marketing methods and to hiring competent sales and marketing personnel.
- The fact that employers have to pay high fees to flourishing private placement agencies is ample evidence of the total ineffectiveness of Canada Manpower.



## THE MONTREAL BOARD OF TRADE

Commerce House  
1080 Beaver Hall Hill

La Maison du Commerce  
1080, côte du Beaver Hall

Montréal, P.Q.  
H2Z 1S9

(514) 878-4651

April 25, 1975

Senator Douglas Everett  
Chairman  
Standing Senate Committee on National Finance  
Parliament Buildings  
Ottawa, Ontario

Dear Senator Everett:

This refers to your letter of December 9, 1974 wherein you sought answers to a number of questions concerning the operations of Canada Manpower Centres.

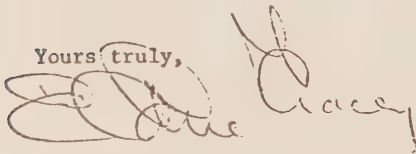
Following receipt of your letter, the Board undertook a survey amongst a representative cross-section of its member firms to secure some feedback concerning Canada Manpower Centres (CMCs), with a view to providing some useful input to your Committee.

The enclosure details the survey activity.

The Board hopes that these comments will provide some insight into the reactions of Montreal area employers relating to the activities of CMCs. If the Committee's schedule permits, representatives of the Board would be pleased to appear before the Committee to elaborate on the points made in this presentation.

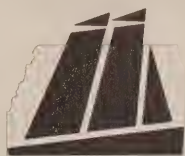
Thank you for the opportunity afforded to present these remarks to your Committee.

Yours truly,



E. Lorne Tracey  
General Manager

ELT/mh



The Montreal Board of Trade

Opinion Survey of  
Montreal Area Employers  
regarding the operations of  
Canada Manpower Centres

Summary of Survey Results .....	1 & 2
The Survey Group .....	3
Details of Survey Results .....	4 - 6

Surveyed: March 1975

Published: April 1975

THE SURVEY RESULTS- SUMMARY -

Most of the responding 53 companies (80%) advised that they do occasionally register job vacancies with Canada Manpower Centres. A small number indicated that they register all of their job vacancies.

In advising as to the types of jobs registered with CMCs, most indicated that those registered related to clerical, hourly-paid and unskilled workers. A smaller number of firms indicated that they also register vacancies for management, supervisory, technical and professional employees.

60% of all respondents indicated that they were not satisfied with the services received from CMCs. Many of these companies indicated that because of "bad" experiences with CMCs they hesitate to use the services except as a last resort when they have failed to locate qualified employees elsewhere. A general observation was that private placement agencies and newspaper advertising were considerably more effective in locating the required qualified personnel.

Responding firms advised the following as to the type of problems faced:

1. Very few applicants referred to the employer by the CMC.
2. CMC service is generally too slow in that it takes much too long to get any feedback on the availability of required candidates.
3. Job applicants are frequently mismatched.
4. The quality of job applicants through CMCs is lower than those available through other sources.

With respect to the question "do you find that the CMCs handle job placement requests in a competent manner?", 50% said "No", 35% said "Yes", and the balance did not answer. The most frequent comment as to the problem related to the slowness of the service and the lack of attention to selecting according to requirements.

The most common suggestion to remedy the situation was that the Canada Manpower programme should be rearranged, with any connotation as to affiliation with the Unemployment Insurance Commission being clearly extinguished. The general conclusion seemed to be that the CMCs should become, both in appearance and in fact, independent job placement agencies which provide assistance to employers and job applicants alike. Other suggestions as to possible remedies were:

1. Job placement counsellors should be drawn from the ranks of persons with sound business and personnel experience.



2. Salaries of job placement counsellors should be based upon results and overall performance.
3. Job orders should be handled on a one-to-one basis, with the counsellor who takes the order being responsible for filling it. At the present time many employers have difficulty finding a counsellor within the CMCs with whom they can work, and when they do find one, the individual is all-too-often transferred. Employers also have indicated that often-times the "order filling" is handled by a counsellor other than the one who took the order, with a consequent communications gap insofar as the information provided by the employer is concerned.

THE SURVEY GROUP

The group of firms which participated in this survey includes small, medium and large firms in a cross-section of the Montreal industrial and commercial community.

Participants included manufacturers of all types, transportation companies, public utilities, wholesalers, retailers, banks and insurance companies as well as representatives of the various professions and the service industry.

Hence, although the sample is small, it can nevertheless be taken as being representative of the views of a reasonably wide spectrum of the Montreal business community.

THE SURVEY RESULTS- DETAILS -

( Total No. of Responding Firms: 53 )

1. DOES YOUR FIRM REGISTER JOB VACANCIES WITH CANADA MANPOWER CENTRES?

Yes - 45                      No - 8

a) IF "YES", PLEASE INDICATE THE FOLLOWING:

Always - 11                      Occasionally - 26                      Other - 8

b) TYPES OF JOBS:

Clerical - 37                      Hourly - 28                      Management & Supervisory - 11

Technical & Professional - 20

Other: Maintenance Workers of all types, Management trainee positions,  
restaurant staff, tellers, stenographers.

2. ARE YOU SATISFIED WITH THE SERVICE RECEIVED FROM CMCs?

Yes - 15                      No - 33                      Sometimes - 1

Did not answer - 4

IF "NO", PLEASE EXPLAIN:

14 - Very few applicants referred by CMC

8 - Service on clerical and office positions is poor

3 - Feedback is too long

2 - CMC staff do not answer calls and fail to take down full details on requirements

1 - Not used sufficiently in recruiting to comment but helpful to us in matters of work permits, processing of landed immigrant applications and government assistance programmes.

3. DO YOU FIND THAT CMCs HANDLE JOB PLACEMENT REQUESTS IN A COMPETENT MANNER?

Yes - 19                      No - 27                      Did not answer - 6

It depends - 2



- 3 - Difficulty in finding the right counsellor to deal with, and people sent by CMC normally do not meet our qualifications.
4. ARE THE PROSPECTIVE EMPLOYEES PROVIDED BY CMCs TRAINED IN THE JOB FUNCTION FOR WHICH THEY WERE REQUESTED?
- Yes - 16                      No - 18                      Occasionally - 10
- IF "NO", PLEASE EXPLAIN:
- 5 - Not too closely matched
- 3 - CMC staff do not answer calls and fail to take down full details on requirements.
- 1 - They send any person - no proper screening.
5. OTHER COMMENTS, SUGGESTIONS FOR IMPROVEMENTS, ETC...
- 3 - Communications between the local offices are non existent. No one specific person to deal with a specific industry.
- The centre for university placement is excellent.
- If manpower did their job there would be no need for private agencies. They should stop moving their personnel so frequently. When a contact is established, the employee is moved.
- Detach the placement function from immigration -- the previous National Employment Service tie-in with the UIC was better -- the emphasis should be on getting job vacancies filled and taking people off the UI rolls.
- The overseas offices of the Government of Canada should more realistically describe employment opportunities in Canada to prospective new Canadians.
- The CMC always show "good intent" when the job order is placed, they appear to understand what we are looking for and their people are, for the most part, pleasant and friendly. Prompt action is always promised. The candidates they refer are very, very frequently "mismatches", it soon becomes evident they didn't understand the job requirements after all. In our particular business we require personnel qualified to serve the public - Canada Manpower, as evidenced by candidates they refer, do not appear to pay attention to appearance, personality and speech standards described by the employer. They will often refer new immigrants to Canada who speak either English, or French, or both, poorly. This deficiency may also be related to the fact that CMCs own standards as regards to dress and grooming are low.



- Canada Manpower's performance record (i.e., demonstrated ability to fill job vacancies) is best in smaller centres such as Rouyn, Sherbrooke, Beauharnois, etc. This is because the relationship is one-to-one, the local CMC counsellor and our local Branch Manager. Their performance in Montreal has been mediocre, mostly because there are "too many cooks in the soup". In Montreal the job order is seldom handled by the counsellor to whom the job requirements were explained. Canada Manpower's record in Ottawa-Hull is the poorest of all; it appears they consider their function to be the employment office for the Public Service - Government of Canada job vacancies are given preference.
- Canada Manpower (as admitted by some of their people) give preference to Training On-The-Job vacancies (where the taxpayer's money in part pays the trainee's salary) as opposed to job vacancies for training positions where the employer is prepared to pay 100% of salary. There is reportedly internal pressure within the CMC to produce good end-month statistics as regards to the special programmes.

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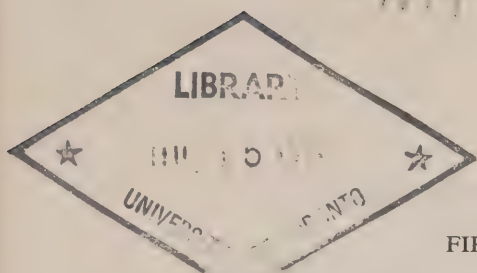
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FIRST SESSION—THIRTIETH PARLIAMENT  
1974-75

THE SENATE OF CANADA  
PROCEEDINGS OF THE  
STANDING SENATE COMMITTEE ON  
**NATIONAL FINANCE**

The Honourable DOUGLAS D. EVERETT, *Chairman*  
The Honourable HERBERT O. SPARROW, *Deputy Chairman*

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Issue No. 24

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THURSDAY, JUNE 5, 1975

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**Nineteenth Proceedings**

The examination of the Estimates of the Manpower Division of  
the Department of Manpower and Immigration for the  
fiscal year ending the 31st of March 1975

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(Witnesses: See Minutes of Proceedings)



STANDING SENATE COMMITTEE ON  
NATIONAL FINANCE

The Honourable D. D. Everett, *Chairman*;

The Honourable Herbert O. Sparrow, *Deputy  
Chairman*.

The Honourable Senators:

Barrow, A. I.	Hicks, Henry D.
Benidickson, W. M.	Langlois, L.
Carter, C. W.	Manning, Ernest
Côté, J. P.	Neiman, Joan
Croll, David A.	O'Leary, M. Grattan
Desruisseaux, P.	*Perrault, R. J.
Everett, D. D.	Prowse, J. Harper
*Flynn, Jacques	Robichaud, L. J.
Giguère, Louis de G.	Sparrow, H. O.
Graham, B. Alasdair	Welch F. C.
Grosart, Allister	Yuzyk, P.—(20)

\**Ex officio* member

(Quorum 5)

# Order of Reference

Extract from the Minutes of the Proceedings of the Senate, December 17, 1974:

"Pursuant to the Order of the Day, the Senate resumed the debate on the motion of the Honourable Senator Everett, seconded by the Honourable Senator Cook:

That the Standing Senate Committee on National Finance be authorized to examine in detail and report upon the Estimates of the Manpower Division of the Department of Manpower and Immigration for the fiscal year ending the 31st March, 1975.

After debate, and—

The question being put on the motion, it was—  
Resolved in the affirmative.

Robert Fortier,  
*Clerk of the Senate.*

# Minutes of Proceedings

Thursday, June 5, 1975

(19) . . . . (24)

Pursuant to adjournment and notice the Standing Senate Committee on National Finance met this day at 9:30 a.m. *in camera*.

*Present:* The Honourable Senators Everett (*Chairman*), Barrow, Carter, Croll, Desruisseaux, Grosart, Hicks, Neiman, Robichaud and Yuzyk (10).

*Present but not of the Committee:* The Honourable Senator Thompson.

The Committee resumed its examination of the Estimates of the Manpower Division of the Department of Manpower and Immigration for the fiscal year ending 31st March, 1975.

The following witnesses were heard:

Mr. D. R. Campbell, Assistant Deputy Minister  
Strategic Planning and Research Division  
Department of Manpower and Immigration

Mr. P. B. Fay, Director General  
Strategic Planning and Evaluation  
Department of Manpower and Immigration

*In attendance:*

Mr. J. H. M. Cocks, Director of Administration; Mrs. Barbara Reynolds, Research Branch, Library of Parliament; Mrs. Helen Small, Parliamentary Centre.

At 12:30 p.m. the Committee adjourned until 9:30 a.m. June 11th, 1975.

ATTEST:

Georges A. Coderre,  
*Clerk of the Committee.*



# The Standing Senate Committee on National Finance

## Evidence

Ottawa, Thursday, June 5, 1975

The Standing Senate Committee on National Finance met this day at 9.30 a.m. to examine in detail and report upon the estimates of the Manpower Division of the Department of Manpower and Immigration for the fiscal year ending March 31, 1975.

**Senator Douglas D. Everett** (*Chairman*) in the Chair.

**The Chairman:** We will resume our hearings on the Manpower Division of the Department of Manpower and Immigration.

Today we are honoured to have with us Dr. D. R. Campbell, the Assistant Deputy Minister, Strategic Planning and Research Division of the department. He is accompanied by Mr. P. B. Fay, the Director General, Strategic Planning and Evaluation, of the department. Mr. Fay has given evidence during previous hearings as to evaluation methods employed by the department.

This hearing is *in camera*, but a record is being kept which will be given to Dr. Campbell for his review. Our arrangement with him is that he can delete from the record anything that he feels he would not wish to make public.

**Senator Hicks:** Will the remainder of the record then be published in the usual way, Mr. Chairman?

**The Chairman:** Yes, in the usual way. It is a compromise between being totally *in camera*, in which event nothing would be published, and having a fully open and public meeting, in which case the question would arise as to how much Dr. Campbell would wish to say publicly.

**Senator Croll:** I would leave it to the discretion of the chairman.

**The Chairman:** The chairman has already made that decision, but he seeks the approval of the committee.

**Senator Robichaud:** What is the reason, or what are the reasons, for the hearing being held semi-*in camera*?

**The Chairman:** I suppose one could speak of being *in camera* as such, because really that is what we are talking about. It is because we will be discussing the question of evaluation and, in order to gain a greater understanding of what the department is doing and why they do it, we thought we should have a heart-to-heart talk with Dr. Campbell with respect to how the process of evaluation takes place and the results of some of the studies. We hope that by holding the meeting *in camera* he will feel freer to discuss the matter, without concern as to what goes on the public record. In my opinion, it is useful in this circumstance, although it is not a technique that we like to use too often. We did use it in the case of Dr. Dymond, and it was on that basis that we were able to obtain him as a witness.

**Senator Croll:** How many personnel are involved in the department?

**The Chairman:** In which department?

**Senator Croll:** The whole Department of Manpower and Immigration.

**The Chairman:** That can be obtained by reference to the blue book of estimates.

**Senator Croll:** Is it not in your own mind?

**Dr. D. R. Campbell, Assistant Deputy Minister, Strategic Planning and Research Division, Department of Manpower and Immigration:** The staff of the Department of Manpower and Immigration must consist of 10,000 to 12,000.

**Mrs. H. Small, Parliamentary Centre:** It was 8,199 man-years for 1973-74.

**Senator Hicks:** Is that for Manpower, or Manpower and Immigration?

**Mrs. Small:** That is just for Manpower.

**The Chairman:** That can be checked in the blue book of estimates.

Honourable senators, is it agreed that we proceed on the basis I have outlined?

**Hon. Senators:** Agreed.

**The Chairman:** I should say, before Dr. Campbell proceeds, that we have two more meetings scheduled, which we hope will wind up our meetings. One is next Wednesday, June 11, when we will hear from the Canadian Construction Association, the Canadian Federation of Agriculture and the Mining Association of Canada. We are having evidence from them because they represent particular problems. Each of those associations represents industries which have particular problems in filling their manpower requirements.

**Senator Robichaud:** Mr. Chairman, on Wednesday afternoon there is the annual garden party of the Speaker of the house.

**The Chairman:** That is something we did not consider. We will reconsider the time and see what can be done about it. We will then wind up our hearings the following week, Wednesday, June 18, at 9.30 a.m., with the minister. We hope we will be able to wrap the whole thing up that morning.

Honourable senators, we will now proceed with the statement of Dr. Campbell.

**Dr. D. R. Campbell, Assistant Deputy Minister, Strategic Planning and Research Division, Department of Manpower and Immigration:** Thank you, Mr. Chairman. I would

like to say that I greatly appreciate this opportunity to try to give you a better explanation than you have had so far of what we do in the department in terms of evaluation, and to have an opportunity of discussing with you some of those results.

It has been suggested, Mr. Chairman, that I might say a few words about evaluation and also about labour market forecasting. Mr. Chairman, you had not mentioned labour market forecasting. I can either omit that or put it in.

**The Chairman:** Our summary of what you would be talking about did include a reference to labour market forecasting, and indeed we are very interested in it.

**Dr. Campbell:** Those two functions—the functions of evaluation and labour market forecasting—are extremely important in so far as our department and its particular role and goals are concerned.

They are two of the elements that let us make what we trust are rational recommendations and decisions about program components, about the allocation of funds within the department to help attain the different objectives. They are two of the key elements in providing us with material, in so far as that is possible, on how productive each program is in relation to the objectives which the government has, and how things are going.

In the various federal departments, I think it is reasonably safe to say that Manpower and Immigration probably is the one that makes the greatest proportion commitment to the evaluation of its programs. The idea of a basic, thorough and comprehensive evaluation of programs was in fact built right into the department's structure and its philosophy about nine years ago when the department was begun. At that time we established what was one of the very first planning and evaluation branches that any department in Ottawa had.

Over that nine years the branch and the department have accumulated what amounts to a very great deal of experience in the evaluation of a large number of different kinds of programs, and, without wanting to claim more than is right or reasonable, we can say quite fairly that no operating department in Ottawa really knows more about the field of evaluation than we do, or has had more experience than we have had.

The whole philosophy of evaluation comes, of course, from the philosophy of management by objectives. The government, when it establishes or funds a program, or components or a program, does so with the attainment of certain objectives in mind, making a contribution toward certain goals.

The business of evaluation is to take the main and secondary objectives the government has in respect of a program, to translate those goals and objectives so far as possible into concepts that can be measured; to then measure the attainment of those goals and objectives, and determine, broadly speaking, what sort of a bang we are getting for a buck.

That kind of evaluative material is needed and necessary for two purposes. One purpose obviously is to let the federal Treasury Board, and the government as a whole, determine in as rational way as possible what programs should be expanded, contracted, initiated, dropped, in order to attain the objectives they have.

That sort of thing, of course, is difficult in that it implies the ability to make comparisons between programs, be-

tween programs of different departments as well as among the different programs of any one department.

It is the kind of a difficult trade-off that the government as a whole has to make, and really can only make when all the programs it has to look at and compare have been subjected to approximately the same kind of evaluation.

The second purpose of evaluation is one which I think has probably had a good deal more practical significance over the last few years than even the first purpose has had.

A key philosophical element in the department is that the department's senior management has very much the responsibility to make sound and well-based recommendations to our minister in respect of programs, potential programs, and so on.

The evaluation of a program is a key element in that process. The evaluations we have had, for instance, in the past pointed out and recommended the advisability of either significant expansions of a program, the termination of a program, changes in the nature of a program, or some fairly simple improvements which might be carried out.

We have had a stream of recommendations of that kind over the years, and I think I can say their impact on programs and changes has been very considerable.

I do not mean to suggest that evaluations are the only factor at play in those decisions. Many factors come into play, and the program management in the department carries a significant share of the responsibility. We rarely find that they are totally unaware in any sense of the problems there may be in a program.

The process of evaluation one can describe very briefly and simply. Basically it begins by going over the objectives of a program as enunciated by the minister, by the government, in whatever form, and listing those objectives.

Generally speaking we then have to translate those objective into measurable terms and develop ways to measure the degree in which they are attained. In respect to some kinds of objectives, that is pretty easy, and in respect of others it is very difficult. We sometimes find there is an objective in a program which we really cannot measure. In that case the evaluation report has to say frankly that we simply have not been able to develop a satisfactory measure of the degree in which some particular objective is being attained.

We normally devote the resources we have for evaluation to the examination of large programs in a financial sense, new programs whose impact is totally unknown, and sometimes to purely experimental programs of one kind or another which the department feels may well be the precursors of some major developments or better ways of doing things.

The way the evaluation is carried out is something that Mr. Fay can describe in more detail, if you are interested in that kind of detail. He, along with other people in his group, are responsible for it. We create a steering group within the department which, very deliberately, includes the program manager who is responsible for the particular program. We found that it is enormously valuable for reasons which I will outline more fully in a few moments, to have the input of the responsible program manager.



The final step in putting together the evaluation is to assemble all of the material—the benefits, costs, statements of objectives—into the evaluation report. The report will outline the objectives, how they are being measured, and present the data on the program. If it is possible and relevant to produce a benefit-cost measure for the program, that will be produced and displayed in the report.

That material is what we call the factual base of the evaluation. The report itself will normally contain two additional sections, one covering the conclusions of the evaluation team in respect of the program and its parts, and a second covering the recommendations of the evaluation team in connection with the program. The report and a brief summary of the main elements of the report are distributed to the senior management of the department, the minister and Treasury Board.

That is the broad process. It is one that is designed to produce—and I think it does produce—evaluation reports that are as soundly and thoroughly researched as we can make them, reports that are frank in pointing out potential changes, problems, and so forth. It is also a process designed to elicit the advice and cooperation of the program manager in the evaluation of the program for which he is responsible. It enables him to be thoroughly familiar with the progress of the evaluation, as well as enabling him to satisfy himself that the comments and recommendations that emerge from the evaluation do, indeed, have a sound basis and are not simply someone else's opinion.

With that description of the process, I should like to deal with a couple of problem areas. I suppose "problem" is not the right word. I prefer to call them key factors in the approach to evaluation.

One is the principle which we have established in the department that evaluation must be independent of the program management, that the evaluators have to be some distance removed from program management.

**Senator Hicks:** But still from your department?

**Dr. Campbell:** That is correct, yes. The need for independence, I think, is an obvious one. It is one that occurs all the time. Fundamentally, it is the need to ensure that the people working on matters of this type do not impose some form of self-censorship. People, I think, often suspect that senior management responsible for programs do not want to hear criticisms of the programs. That, I can honestly say, is simply not true, but people often think that they do not want to hear criticisms. If the evaluating people are not adequately removed from the operating side of the programs, one can very readily get into situations where a certain form of self-censorship begins to appear, where people prefer not to rock the boat, and so forth. The basic principle is that the evaluator has to have the ability to call a spade a spade, and he has to feel free to do so.

There is an equally important factor, that being an independent evaluation carried out by people who do not have an intimate knowledge of the program or how it relates to other programs, et cetera, can very easily go wrong. It is far too easy for an evaluation report, put together quite honestly, to produce conclusions or recommendations that are simply going to be torn to shreds because they are not really to the point, or because they are greatly out of touch with the realities of the program being evaluated. That is something which frequently happens when the evaluation is completely isolated, completely academic, where the people doing the evaluating are not

close enough to have a real feel for the program and a correct interpretation of what the objectives of the program are. That is what I would characterize, because it tends to go that way, as "evaluation by confrontation," which is a different style of evaluation.

**The Chairman:** Do you mean to say that there is no place for an independent evaluation; that subjective evaluation is the only worthwhile evaluation?

**Dr. Campbell:** No, Mr. Chairman. I would contend that objective evaluation is the only worthwhile evaluation.

**The Chairman:** What you seem to be saying is that objective evaluation by a subjective evaluator is the only proper way. One would be constrained to feel that perhaps subjective evaluation cannot be that objective.

**Dr. Campbell:** I would not call it a subjective evaluation.

**The Chairman:** It is an interesting concept. If I read you correctly, we should adjourn the meeting and go home. Is that right?

**Dr. Campbell:** No.

**The Chairman:** All right.

**Dr. Campbell:** The point I am trying to make is that the evaluation has to be independent and it has to be objective. The evaluator has to be removed from the control of the people running the program because of the real possibility of self-censorship. I also feel that it is essential that the evaluator be close enough to the program to have a full understanding of what is going on. I think that it is much more productive, if I can put it that way, to utilize a form of evaluation that elicits and receives the collaboration of the program manager in the evaluation itself and convinces the program manager that what is coming out is right. I think in the long run that is more productive than confrontation.

**The Chairman:** The concomitant of what you are saying, of course, is the necessity for complete openness on the part of the manager. The difficulty in the sort of evaluation you are talking about is that if the manager chooses to hold back a certain amount of information, then the only result can be a confrontation. Do you not agree?

**Dr. Campbell:** That is correct. The kind of evaluation that we run depends very, very heavily, normally, on the statistical data generated by the program itself. We also spend a great deal of money on surveys of the people who participated in the program and benefited from it in some way or other. It tends to be that kind of evaluation. Quite obviously, the cooperation of the program manager is necessary in respect of administrative statistics. If he wants to stonewall you, he could. The deputy minister, of course, would suggest otherwise to him, but in concept at least, the program manager could stonewall you.

Given this choice between evaluation by cooperation and evaluation by confrontation, my feeling is that the former is the more productive route in the long run, simply because it does generate on the part of the program manager an attitude, a feeling, a desire to collaborate, a desire to make whatever changes are recommended as a result of the evaluation.

Another area of general principle I should like to touch on is the question of how evaluation reports are used and distributed. As everyone is very much aware, evaluation reports fall within the government's confidentiality guide-



lines. They fall within those guidelines essentially because they contain recommendations and advice to the minister. That kind of confidentiality is needed, in my view at least, so that evaluations can be frank. An evaluation that is not frank is just not worth asking people to devote their time to, and it is not really worth putting on a piece of paper. Evaluators have to be able freely to state their reasoned conclusions and to make the recommendations that in their view would overcome whatever problems there may be. I think they can do that in the full sense of the word only if they are confident that their views and recommendations will not become some form of ammunition to be shot back at the department or to be shot back at the minister, or what have you.

The need for confidentiality in that respect, of course, conflicts potentially with another broad principle, which is the principle of the right and need of the public to know what it is getting for its money, to know what programs are doing and what they are achieving or not achieving. We have tried, I think successfully, to work out a reasonable resolution of this conflict. The evaluation reports that are produced are treated as confidential to the government. What we have begun to do now is to produce from them what we call statistical and analytical reports on the programs that we evaluate. Those statistical and analytical reports contain all of the facts, but they leave out the conclusions and the recommendations. It is that kind of thing that we have adopted, as being what we hope is the best compromise between this conflict of two rather important principles.

**Senator Hicks:** Now widely available are these reports, which you say contain this statistical data but not the conclusions and recommendations?

**Dr. Campbell:** Those reports are available to anybody on request in both languages.

**Senator Hicks:** Including people outside your department?

**Dr. Campbell:** Yes, sir.

**Senator Hicks:** Or even outside the whole structure and hierarchy of government?

**Dr. Campbell:** Outside the whole structure.

**Senator Hicks:** To any interested academic?

**Dr. Campbell:** Any interested academic, any citizen, who wants to ask for a copy can have one.

**Senator Carter:** Do you have any samples that we could look at this morning?

**Mr. P. B. Fay, Director General Strategic Planning and Evaluation, Department of Manpower and Immigration:** We did in fact provide two to the committee, on Opportunities for Youth and LEAP. I think they have been given to the secretary.

**The Chairman:** Are these all the evaluations that you make? Are there any evaluations that are not included in this?

**Dr. Campbell:** In that program of publication?

**The Chairman:** Yes.

**Dr. Campbell:** Historically, yes, sir. There have been a number of past ones. The policy I am describing here is a

relatively new one, essentially brought about by the government's adoption of a policy of public disclosure. Past evaluations simply have not been published in the way I have described.

**The Chairman:** At this point all the raw data is now published?

**Dr. Campbell:** That is correct.

**The Chairman:** But the conclusions and recommendations are not. Is that correct?

**Dr. Campbell:** Yes, that is correct.

**The Chairman:** From what date is this effective?

**Dr. Campbell:** Roughly this year, I would say.

**Mr. Fay:** I would say about the beginning of the year.

**The Chairman:** Are there any evaluations by your group that have taken place since the beginning of the year that have not been published, or that are not available?

**Mr. Fay:** Not as far as I am aware, no.

**Senator Thompson:** Is it confidentiality that would stop you doing this, or could you give us concrete examples of evaluations where you have actually stopped or changed a program?

**Dr. Campbell:** Yes, sir. Perhaps the best example of that was a program the department had three or four years ago. It was a program whose cost ran to about \$30 million or \$40 million, as I recall. It was entitled, "On-the-Job Training for Job Creation." The main objective of that program was job creation, with training being a secondary objective of the program. The preliminary evaluation report showed very clearly that the program just was not creating many jobs. Indeed, it was paying out the money but was not that productive. The evaluation report recommended the termination of that program and it was terminated.

**The Chairman:** Perhaps Dr. Campbell should proceed with the rest of his statement.

**Dr. Campbell:** There is one other area of evaluation that I would like to touch on now. I would like to do so because it is one that comes up frequently, and that I know has come up in previous testimony before this committee. It is the famous question of the use of control groups in evaluations. The notion of a proper control group, the sort of double blind groups in which neither the participants in the experiment nor the researchers administering the experiment themselves are aware of who is getting the right pill, is, I think, a fairly familiar one. Control groups, the double blind groups, are frequently applied in quite a number of areas in medical research. Everybody spends a lot of time watching Crest toothpaste commercials, which is the same sort of thing.

There can be no question about the principle. If one can set up a double blind control group it would provide the most conclusive way to test the differential impact of a program, a pill, a toothpaste, or whatever it may be. The sort of Crest type control group is without question the ideal way to do it.

**Senator Hicks:** What type?

**Dr. Campbell:** I call it the Crest toothpaste control group; the sort of control group where two kinds of tooth-

paste are used; the children do not know which kind they are getting; the people administering the experiment do not know which kind any individual child is getting; the results are put together at the end, and that enables a perfectly valid assessment to be made of the differential impact of the two kinds of toothpaste, or whatever it is.

There are, though, some problems with the use of that kind of control group in the area of social programs. There is a very real question. I think, as to whether it is right to deny a government service to somebody who needs it and can benefit from it in order to find out more precisely how that service helps other people. That sort of thing is a moral question, and obviously there can be more than one answer to a moral question, depending on one's views and values.

There is also a practical problem, which is this. It is one thing to pay two groups of people to brush their teeth with different unknown toothpastes. There is no reason to suppose that anybody in these two groups will brush harder or more frequently than the other people. But if you try to do that kind of thing in training sessions, people in fact do know who is being rejected. If I am being rejected for training because somebody has put me in a control group, I know that. The question then is how I am going to react. One can imagine a number of different ways in which I could react. If I am one kind of person I might react aggressively. I might in fact be stimulated by that kind of rejection and try harder to find some other way to achieve the objective which I as an individual have in mind. If I am another kind of person, hypothetically at least, I might just give up; I might say, in effect, "The state does not want to help me. They are telling me no. To heck with the whole business."

That is the problem here. Teeth do not react to motivation but human beings do, and the core of the problem is really that. You cannot control people in the same way as you can control a double blind experiment in terms of teeth, kidneys or something like that.

There is a different kind of control group from the double blind group, which is often called the matched control group. The matched control group has been used in quite a number of American evaluation studies in the manpower area. Let us suppose it is a training course, for instance, to train the unemployed. They will take the people who get into the training course, who are selected for it, and then try to find a matched group of unemployed who are not taking the training course. They will generally match in respect of age, in respect of education, in respect of labour force status, and perhaps in respect of a lot of other things. Afterwards they will compare what has happened to those two groups.

When one reads the literature, one finds quite rapidly that it is extremely difficult, if not impossible, to control the most relevant things. The so-called objective factors, in something like that, those highly measurable things, frequently are not the important ones. Motivation is a very important factor. Intelligence, the person's background, that whole bundle of things, is something that one just cannot match for, in any real sense.

We have, I must say, avoided both of those groups. We have not been able to establish a double blind test, for the sort of reasons I have gone over. And we have very deliberately decided not to have a matched control group. Mainly we decided not to have one, simply because we do not feel that we can place much faith in the ultimate reliability of it. If anyone is interested, there are a number

of famous examples of how you can go wrong with a matched control group.

What we do, instead, is to utilize econometric methods and an extremely large data bank that we have, to produce, in effect, predictions of what the person's earnings would have been had he not taken training or had he not done something else. We have records of over 100,000 people, showing how their earnings, and their employability, changed under different economic conditions, how they changed with age, how they changed with education levels, and so on.

The benefit-cost model that we have in effect makes the predictions for groups of people as to what their earnings would be if they did not take training. We then compare those predictions with what their earnings actually are when they take training. That, I have to confess, is probably not much better as a solution than a matched control group. It does have a number of technical advantages, and one of the main advantages that it has is that it is a great deal cheaper than the matched control group.

Mr. Chairman, I have spent a lot of time on the evaluation business and I am afraid I have gone a bit over my time.

I would like to say a word or two now about forecasting because, as I indicated, it is one of the main pillars that the department has to lean on in trying to do what it is doing. Over the past three years we developed what we call COFOR, Canadian Occupational Forecasting Program.

COFOR is a program of six-year forecasts for the 500 main occupations in Canada, for each of the ten provinces. If you want to do the arithmetic, you will see that that comes out to a projection of about 5,000 numbers on six years ahead.

The effort that we put into this has been a major one. We produce those forecasts now, using the interdepartmental forecasting model at the Economic Council, using some additional sub-models that we have developed in the department. We get the numbers out of a computer. Then we turn around, go out to the regional and district people and ask them to sit down and review those numbers and projections very carefully, and particularly to review them against what they know about what is happening in their particular locality, province or region. There is no way that an econometric forecasting model will pick up the timing or scaling of development for something like the Nanticoke project, for instance.

**Senator Carter:** Did you say you get numbers from a computer?

**Dr. Campbell:** Yes, that is correct.

**Senator Carter:** To get numbers from a computer you have to put numbers into a computer. What do you put in?

**Dr. Campbell:** For that particular forecasting program, there are about 2,000 equations involved, that will mean several more thousand sets of numbers, most of which come from Statistics Canada, some of which come from other sources. I could not really begin to describe all the particular series that are utilized.

**Senator Desruisseaux:** In the past, how good has your forecast been?

**Dr. Campbell:** We have never before produced a forecast of this character.



**Senator Desruisseaux:** When did it start?

**Dr. Campbell:** We began developmental work on the forecasting program, as I mentioned, three years ago. We got our first output from the program, as a matter of fact, late this winter. So I cannot give you the track record on it. There have been earlier attempts to forecast but without the necessary data, without the development of the econometric models, so it was necessarily a much cruder sort of thing.

**Senator Desruisseaux:** So there is no assessment possible of the forecast that you made?

**Dr. Campbell:** Not for six years.

**Senator Croll:** How much longer than six years do you think it would take to have some foreseeable forecast made that would make sense, in your opinion?

**Dr. Campbell:** We will know, six years from now, precisely how accurate our forecast has been. That gets to be very much a matter of judgment, as I am sure you are aware. I suppose all that I can really say is that that forecast has taken an immense effort on the part of a large number of extremely competent technical people. It has been vetted and reviewed by many other departments in Ottawa which have an interest in the results and their soundness, and considerable portions of it have been worked out with provincial economists, for instance.

It represents the very best that can be done, in my view, given the state of the art in Canada at the moment. It is something that could not have been done nearly as well three or four years ago. The data was not available, the developed models were not available. I think it represents fairly a truly major development on the forecasting scene.

**Senator Thompson:** Has Canada been a pioneer in this, or has this been done in other countries?

**Dr. Campbell:** The United States has done a great deal of work in that area.

**Senator Thompson:** How successful has it been?

**Dr. Campbell:** I am really not certain. I would not like to say, without looking over the literature.

**Senator Thompson:** Since they started this, do you know if there has been any assessment made of it?

**Dr. Campbell:** The general assessment that I have seen of the American forecasting program certainly has suggested quite reasonable success. I am hesitant to go further than that, because I really would like to look at the technical literature again before offering a definitive comment. The European countries generally do not do much forecasting of this kind.

**The Chairman:** Honourable senators, if I may break in, Senator Hicks has to be away at 11 o'clock. He is the lead questioner. I am afraid that if we proceed down this line he is not going to have much time to ask his questions. So perhaps I might ask Dr. Campbell to complete his statement so that we can get on with the questioning.

**Dr. Campbell:** The other major development on the forecasting side has been the development of what we call FOIL, the Forward Occupational Imbalances Listing. FOIL was produced for the first time in March of this year. We will be publishing it quarterly from now on. This is a softer kind of forecast in many respects than the six-year

forecasts. It is put together essentially by our regional and district economists, who, each quarter, review some 27 different statistical series, including a lot of material we send them from Ottawa. They review the COFOR projections, the full range of local labour market information available to them, and they put together for each province a listing of occupations categorizing them by whether they expect them to be in severe shortage or mild shortage, great surplus or mild surplus, over a period extending up to two years ahead.

The FOIL development has obvious applications to questions of what sort of training courses we should put on in a particular province; and as well it is being used now in our overseas offices for counselling immigrants about where particular jobs are and are likely to persist over a period of time.

Mr. Chairman, perhaps that is enough of a general introduction to both the evaluation business and the forecasting business to allow me to stop at this point and answer questions if you have any.

**The Chairman:** Senator Hicks.

**Senator Hicks:** Thank you very much, Dr. Campbell. I should like to bring you back to the question of confidentiality in your handling of your statistics. At least three of the witnesses we have had have been fairly critical of the department's reticence in making available statistical data. For example, Professor Noah Meltz said:

One of the most critical needs that comes up in every federal-provincial conference so far as the labour market is concerned is the lack of small area statistics. Some data that is available is labelled confidential with big red stamps put on it, and that has always been the case. I do not know why.

This seems to be in conflict with what you said, that the statistical data was made available and it was only the conclusions and recommendations that were withheld. Would you please comment on that, in whatever detail you like?

**Dr. Campbell:** I am glad you asked that question. I read Professor Meltz's testimony on that and other points and immediately after I finished reading it I picked up the telephone to speak to him about it, because I simply could not understand what he was saying there. The fact of the matter is that Professor Meltz regularly receives that data himself. The policy on release of that data was established within the department, I believe about a year ago now, and has been in effect since then. In speaking with Professor Meltz I found that the difficulty was that, although he was receiving it, it did have this big, red, "confidential" stamp on it. It is not supposed to have that big, red, "confidential" stamp on it. I issued instructions a year ago that it was not supposed to have a confidential stamp on it.

**Senator Croll:** Have you caught up to it yet?

**Dr. Campbell:** I caught up to it about 15 minutes after I spoke to Professor Meltz.

**Senator Hicks:** You are saying that his criticism and that of Professor Dupré and Dr. Dymond may be out of date or may relate to a situation which obtained in your department a year ago but which no longer obtains?

**Dr. Campbell:** That is correct. Some years ago the department did operate on a much more confidential basis than it does now. Our deputy minister has wanted things



to be very much open; he has wanted the data to be available. The policy I have described is one he very much supports.

**Senator Hicks:** I have a fair amount of sympathy with the type of evaluation which you say you prefer—that is to say, an evaluation by people who were close to your program but nevertheless could be regarded, as our chairman regarded them, as subjective evaluators. This evaluation may be more constructive than the confrontation type of evaluation, but surely the protection of your department is that, in addition to doing this kind of in-house evaluation, you are willing to let other people look at your basic data and confront you with it, if they see fit to do so.

**Dr. Campbell:** Precisely. That is important. It is important that outside people be able to examine the technicalities of the models which are being used and to comment on them. We sometimes get good ideas from outside people in that respect. It is vitally important that all the data be available to everybody.

**Senator Hicks:** I am considerably reassured by the statements you have made now, Dr. Campbell, although I am somewhat puzzled that so many of the competent witnesses who have appeared before us have had an entirely different idea of the attitude of your department.

**Dr. Campbell:** I think that is a fair description of the department's attitude some years ago, and what has happened in some instances is that people simply have not caught up with the present attitude. I tried to correct that somewhat at the meeting of the Canadian Economic Association which was held in June last year. I attended and, amongst other things, explained the department's new policy on the release of data and reports and so on which was very well received at that session.

**Senator Croll:** Received but not understood.

**The Chairman:** Have you had a request from this committee for all your evaluations?

**Dr. Campbell:** We had a request from Mr. Cocks, some time ago, to look at those evaluations on a confidential basis, and I believe that they were provided.

**The Chairman:** But we have not received all your evaluations?

**Mr. Fay:** Since the time when we have had the policy of splitting the data from the recommendations?

**The Chairman:** Well, number one, and number two would be all the evaluations that exist in the department. Is that available to us?

**Dr. Campbell:** There we run into the question of confidentiality.

**The Chairman:** Designated as being confidential—which, of course, the committee would respect—or as being public.

**Dr. Campbell:** There is a general government guideline on that. I am sure you are aware of that. I would like to have an opportunity to take that question up with the Privy Council office people who are responsible for that because it is a question of principle as well as a question of the department's attitude.

**The Chairman:** Is it the committee's wish that we ask for this information?

**Senator Hicks:** I would think that we should, in view of Dr. Campbell's answer to my question, which amounts almost to a frank denial of the authenticity of the criticism of three of our previous witnesses. I do not see much point in pursuing this further, other than to say again that if your policies have changed so that those criticisms no longer obtain, this ought to be generally known, I again underline the proposition that I unannounced earlier, that if you are going to rely on in-house evaluation—and I have a certain amount of sympathy for this—it is all the more important that you should at least let your statistical data bank become available to as wide a group of people as possible and be prepared to let them evaluate you by confrontation, as and when it becomes necessary. I think your own integrity will be enhanced by this rather than assailed.

**Dr. Campbell:** Not our integrity, perhaps, but our appearance of integrity.

**Senator Hicks:** All right.

**The Chairman:** Now we still have outstanding the request for the evaluation material. Is it the wish of the committee that we make a request of this nature and, if so, over what period of years?

**Senator Croll:** Mr. Chairman, there was mention of two evaluations of importance, the six-year-old one and the one made without computers by some of the staff.

**The Chairman:** That is purely forecasting, but we are talking about evaluation reports done by Dr. Campbell's department over the last two years.

**Senator Croll:** Are there many?

**The Chairman:** A fair number.

**Senator Croll:** But I understood they were available to the public.

**The Chairman:** Some are available to the public. The evidence given so far is that everything done since January 1, 1975 is available to the public, but the conclusions and recommendations are not. However, reports that were completed prior to January 1, 1975 may or may not be available to the public. Our request would be for all reports, evaluations and research projects in the last two years, whether or not they have been released to the public.

**Senator Desruisseaux:** Mr. Chairman, is that inclusive of forecasting too?

**The Chairman:** The forecasting, I think, is already public.

**Dr. Campbell:** All the forecasting material, to which I referred is made public as rapidly as possible.

**Senator Croll:** Mr. Chairman, are we not likely to be drowned in a sea of material in that event?

**The Chairman:** We have already been drowned, senator.

**Senator Croll:** If they are going to hand us 100 copies, then they are wasting their time; but if we are going to have ten sample copies, then we will read them.

**The Chairman:** I would not suggest that this would necessarily be dumped on the laps of the members of the committee. The staff would go over it and those that were

found to be useful to the committee would, of course, then be used. But even then it might well be summarized.

**Senator Grosart:** Are we asking for conclusions and recommendations?

**The Chairman:** Personally, I do not care too much whether we have the conclusions and recommendations, but that is a matter for the committee.

**Senator Hicks:** I think we should ask for them and be prepared to treat them as confidential, subject to our right to argue the point with the proper authorities at a future date.

**The Chairman:** If it is the committee's feeling that we should have the conclusions and recommendations, then we will make that request.

**Senator Hicks:** It might save us a great deal of work, and on most of them we might feel we had no comments to make.

**Senator Carter:** Are we having samples, Mr. Chairman, of all types of evaluation—evaluation of training, evaluation of placing? I would like to know what types of evaluations are being covered. Is it a sample of every type?

**The Chairman:** Not just a sample, we are asking for them all.

**Senator Carter:** For the last two years?

**The Chairman:** Yes.

**Senator Grosart:** The reason I ask that, Mr. Chairman, is that I think it is much more important to have the conclusion and recommendations than to have the data. I say that for this reason, that what is important when we are considering policy, so far as Manpower is concerned, is to know to what extent the recommendations and conclusions were carried out, and I cannot think of anything more important for us to discover.

**Senator Barrow:** Mr. Chairman, I think we should have a list of all the evaluations, even if we do not have the evaluations themselves.

**Senator Hicks:** Then perhaps we should know what to ask for in greater detail. I am anxious to pursue two other lines of questioning, Mr. Chairman, if time permits and if you could dispose of this matter.

**The Chairman:** Suppose, then, we ask for a list of all evaluations and researches, not to be bound by the *ejusdem generis* rule but by the widest interpretation, made over the last two years, and then we can come back again if necessary.

**Senator Hicks:** Yes, then we could come back and make more specific requests.

**Senator Desruisseaux:** Will we be getting the conclusions?

**The Chairman:** Well, Dr. Campbell has a suggestion, and I shall come back to your question in a moment.

**Dr. Campbell:** We will be perfectly happy to supply that list so far as evaluation goes. We do have a research branch in the department which produces an enormous number of research reports on quite different subjects,

and I assume you would not want that list, which would take a great deal longer to produce. If you do want it, we will be quite happy to try to provide it.

**The Chairman:** Well, what I was suggesting was that we should get the list now.

**Senator Hicks:** And then we can ask your questions with more knowledge.

**The Chairman:** And I gather your wish is to have the conclusions and recommendations, irrespective of those reports that we would ask for eventually. Is that agreed?

**Hon. Senators:** Agreed.

**The Chairman:** Then we can proceed with Senator Hicks.

**Senator Hicks:** One of the things that has concerned this committee, or at least some members of the committee, is the fact that you regard a person as placed if he stays in a job for one week. Has your research department looked into this at all, and have you any comments to make as to whether this is a valid assessment on a placement or not, or whether there is not something a little better and more effective than this?

**Dr. Campbell:** I have to say that the one major area which we have not yet been able to produce an evaluation report on, is the placement function. That is not a matter of neglect; the simple fact of the matter is that over the past few years the department has adopted many new and changed programs, such as LIP, OFY and so on, and our evaluation effort has gone in those directions.

I comment briefly to the effect, however, that I would not personally consider one week as an adequate standard for the evaluation of a program. We have now begun design work on an evaluation of the placement program. We have been talking with the Americans, who have done some work in that area previously, to get what wisdom we can from them, and I think it is safe to say that the evaluation we hope to carry out eventually on the placement service will have to get into such things as the degree to which the placement service increases the speed of placement from what it would otherwise be, the degree to which it improves the match between the individual and job, the permanence of the job, the nature of the wages of the job, and so on. There are many, many factors that would have to be taken into account, in my view, to have a thorough and comprehensive evaluation.

**Senator Hicks:** Have we made inquiries, and is information available, as to the standards that are applicable in other countries, or is the one week more or less normal?

**Dr. Campbell:** One week, as a separation between a temporary and a permanent job, is quite arbitrary. A number of countries use roughly the same sort of standard, but I personally would not want in any sense to pretend that it has any absolute truth attached to it. In that kind of a thing one says, "Okay. A temporary job is one that is of less than a week in duration, and a permanent job is something longer." The real key is to find out whether the jobs are permanent, or are temporary in the true sense.

**Senator Hicks:** You see, flowing from this is our concern—or perhaps I should say my concern—that in your statistics given for the numbers of placements, and so on,



there is no way to tell whether you have one person placed ten times, to carry it to the extreme, for one week in each job, and if so, that is not a very satisfactory performance record in relation to that particular worker. It may not be any criticism of the department either. It may just be that you cannot do any better there.

**Dr. Campbell:** I agree that that possibility certainly exists, and there must be some people, I am sure, that we place ten times. That is not always bad. There are some people who want to move from one thing to another, and who want temporary jobs. There are also some people, I am sure, for whom the department just is not performing in a thoroughly satisfactory manner. I would be very much surprised if the department were performing perfectly in respect of placement.

**Senator Croll:** So would we.

**Senator Hicks:** I did not intend those questions to be criticisms of the department, necessarily, but I would like to feel—and I am reassured by your saying—that you are putting together an evaluation that may relate to some of these matters.

I would like now to switch quickly to one other thing that puzzled me. Someone—whether it was the minister or the deputy minister, I cannot quite remember—recently told the committee that for every \$100 million spent at the 1973-74 levels of cost, you reduced unemployment by 0.3 per cent. I have never seen any explanation as to how you make this wonderful conclusion. Does your research department know anything about that?

**Dr. Campbell:** Yes, indeed. If you will permit, Mr. Fay is the expert there.

**Mr. Fay:** Yes. This is based, really, on the Local Initiatives Programs—the direct job creation element. It is based on looking at the actual cost, in terms of the wages paid to people, and on attempts made to estimate how many of these really were net creation of new jobs and a reduction of unemployment; so it takes into account such considerations as whether people were brought out of existing jobs to take part in Local Initiative Programs; whether people were brought from outside the labour force into the labour force as a result of the direct creation of jobs, and so on. On that basis it was estimated that for each \$100 million put into the LIP program, unemployment was at that particular time reduced by 0.3 per cent. That is, each \$100 million was equivalent to 0.3 per cent. This was, I think, in 1972-1973.

**Senator Robichaud:** In 1973-1974.

**Mr. Fay:** The relationship refers only to a four or five month period over which the direct employment program was operating; so if you tried to relate that to a whole year you just could not say that if the government put in \$100 million it could reduce unemployment over the whole year by 0.3 per cent. That would not be an accurate statement.

**Senator Hicks:** Are you telling me, then, that this reference to the \$100 million that was spent was only with regard to LIP programs?

**Mr. Fay:** Yes.

**Senator Robichaud:** Is this considered by your people as being satisfactory? Would you like to see 3 per cent instead of 0.3 per cent? Is 0.3 per cent satisfactory?

**Mr. Fay:** That is a very difficult question to which I do not have the answer. I have considered only the relationship between the two.

**The Chairman:** Could I have a supplementary there, Senator Hicks?

**Senator Hicks:** Why, certainly. You have control of the whole meeting, Mr. Chairman.

**The Chairman:** Conditional control!

Dr. Campbell, I gather you did take into account, as our statistics show, that 40 per cent of the people who took part in LIP programs were not unemployed prior to the introduction of the LIP programs. Have you taken that into account?

**Mr. Fay:** Yes. This has been taken into account in some detail as to whether they came from outside the labour force, as to whether they were part time, et cetera.

**The Chairman:** Our statistics show that 40 per cent were not employed. Before you go on with that, my second point is that you stopped the clock over a period of four months. You did not take into account, I gather, the longevity of the program—in other words, the continuing effect on employment; because it is surely true that LIP programs have, for the most part, not developed into continuing employment.

**Mr. Fay:** This is true. It is a rather simplistic relationship.

**The Chairman:** It is really an overly simplistic relationship, and a very dangerous one.

**Senator Hicks:** Would you not agree that this statement was a politician's statement rather than one from your analysis department?

**The Chairman:** It reminds me of the annualized rates question that came up in our study of growth, employment and price stability. Mr. Ray Saulnier, who had been chairman of President Eisenhower's Council of Economic Advisers, was complaining about the tendency of economists to annualize monetary increases, and he said, "The trouble with annualized rates is that, for example, if I annualize my intake of food at 1 o'clock in the afternoon, I am a glutton. If I annualize it at 4 o'clock in the afternoon I am starving to death."

**Senator Hicks:** I am sorry, Mr. Chairman, but my time constraints prevent me from carrying this further. The points I have brought up were the main ones that I wanted to make, and I am sure that my colleagues will be able to go through the statement of Dr. Campbell more systematically.

**The Chairman:** Thank you very much, Senator Hicks. Senator Carter.

**Senator Carter:** Mr. Chairman, I am interested in evaluation. I take it that you evaluate various programs—LIP, FRED, LEAP, OFY, and so on. Do you evaluate programs which might emanate from the Department of the Secretary of State, the community service and student employment programs?

**Dr. Campbell:** No, sir; we only evaluate our own departmental programs.



**Mr. Fay:** There is only one exception to that: In the case of the Student Summer Employment Activities Program the department has the overall responsibility of looking at the overall package, which includes programs from the departments. So, in that context we do look at specific cases to obtain an over-view of the programs.

**Dr. Campbell:** Effectively, we co-ordinate in that case programs which departments carry on themselves.

**Senator Carter:** I do not see how you could get a picture of the impact of unemployment if you do not take into consideration the programs in other departments which create jobs.

**Dr. Campbell:** I think if one wanted to get a complete picture of everything that the government is doing to reduce unemployment that would be quite correct. Our key responsibility to the department and to the minister is to evaluate our own departmental programs and, as I indicated, make recommendations concerning them. As Mr. Fay indicated, we are the co-ordinating department for the evaluation of all summer programs. So that with respect to the summer employment efforts of the government we do have a complete and rounded picture.

**Senator Carter:** Did I understand you to say that you have developed a revised system of evaluation and new methods within the last year or so, or did I misunderstand you?

**Mr. Fay:** This is more on the forecasting side. There is always something new in the evaluation area.

**Senator Carter:** But basically your evaluation, for instance, of LIP is the same now as it was five years ago?

**Mr. Fay:** No.

**Senator Carter:** Three years ago?

**Mr. Fay:** No; the objectives of LIP were to reduce unemployment by creating worth-while employment. It was relatively easy to see what the effects of the reduction of unemployment were, but this question of worth-while employment, which was part of the objectives, is much more difficult. We have been progressively endeavouring to achieve it.

**Senator Carter:** When you evaluate the LIP program, what do you look for?

**Mr. Fay:** Two things: first of all, has it reduced unemployment; secondly, has it created worth-while employment.

**Senator Carter:** Do you not also look to ascertain whether it is worth the money spent on it and whether that money could be spent in other ways?

**Dr. Campbell:** Yes; that is a different way of stating the second objective mentioned by Mr. Fay.

**Senator Carter:** What have you found with respect to LIP?

**Mr. Fay:** Mr. Chairman, you have a report with respect to the LIP program, which gives more details. We did in fact get the University of Calgary to look into this whole question by looking at 150 projects in 30 communities. That is the people themselves in the community, not just the participants in the projects, to ascertain their opinions as to the projects. They came up with a generally favour-

able response although there were projects which people felt were not value for money. It must be a bit subjective, because there is such a wide variety of projects.

**Senator Carter:** I was concerned with your own evaluation. Do you not conduct your own evaluation of this, or do you just contract it out to someone else?

**Mr. Fay:** In some cases involving field surveys we must contract it out. We have no survey staff and it is often advantageous to have a quite independent body to study these projects.

**Senator Carter:** What evaluations do you carry out yourselves in your own department?

**Mr. Fay:** The evaluation really is a combination of a great many things. We take all the operational data we can usefully use, such as the authorizations completed by those who start on training programs.

**Senator Carter:** What particular items or programs do you evaluate yourselves without depending on others for it?

**Dr. Campbell:** Basically we carry out the evaluations, all of them, ourselves. We take the responsibility for the conclusions and recommendations. We contract out major surveys which we simply do not have the internal capacity to carry on and we frequently ask university professors and others to assist us on contract in the design of an evaluation program. However, aside from those two aspects, the work is carried out as described by Mr. Fay.

**Senator Carter:** I am a little confused, because in my mind surveys do not enter into the concept of evaluation, but are to gather information which can be used to evaluate. I do not regard that as the actual evaluation of a program.

**Dr. Campbell:** I would agree; the survey provides the data necessary for the evaluation, but that is not the evaluation itself.

**Senator Carter:** Yes, you get that data, then you carry out your own evaluation. Have you made an evaluation with respect to training?

**Mr. Fay:** Yes.

**Senator Carter:** Do you break your evaluation down to separate ones for basic training, skilled training and industrial training, each one separately?

**Mr. Fay:** Yes, we do, indeed. We go beyond that in the case of skilled training, down to the specific occupations for which people are trained. This is the main use of the evaluation, to determine relative weightings which might be placed on various courses.

**Senator Carter:** Are the conclusions secret, or can you divulge them to us with respect to basic, industrial and skilled training?

**Mr. Fay:** I believe the overall figures have already been given to the committee. The cost-benefit ratio was about five. However, the detailed ones run to quite a number of pages, showing results by each type of occupation. Some seem to have a high pay-off and some a low pay-off.

**Senator Carter:** Is that the only objective of your evaluation, just to find out the cost-benefit?

**Mr. Fay:** In the case of training this is one of the objectives.

**Senator Carter:** You do not conduct evaluation as to the quality or effectiveness of the training and whether you are getting value for money?

**Mr. Fay:** The cost-benefit analysis bears directly on the question of whether we are getting value for money.

**Senator Carter:** You may be getting value for money in one place, or in one province and not in another.

**Mr. Fay:** That certainly would come out in the evaluation.

**Senator Carter:** You must conduct a multitude of evaluations, then?

**Dr. Campbell:** Yes, sir, we do.

**Senator Carter:** I am attempting to arrive at a picture in my mind of your evaluation process. Before you evaluate you must have information, which you collect from the regional offices; is that correct?

**Dr. Campbell:** Some of our data, in fact, will come from regional offices, some from local offices, out of the department's administrative statistics arrangements. Some of it will come, as I have indicated, from follow-up surveys, surveys of participants, sometimes from community surveys.

**Senator Carter:** How often do you make your evaluations; every six months, every year?

**Dr. Campbell:** With respect to training we produce detailed cost-benefit ratios on a course-group by course-group basis every year so that this can be used by the federal Manpower needs committees in determining the programs to be put in during the following year. With respect to LIP, so far we have been producing one evaluation each year. Since the department assumed responsibility for OFY we have produced two evaluations. Generally speaking, programs are regularly evaluated. If we have devoted a massive effort to designing an evaluation and putting it in place in respect of a program and the evaluation has shown that the program is achieving its objectives generally, we will usually fall back into a monitoring position. We will not continue to put the amount of resources into the evaluation and the second year will really be a checking process to make sure nothing has changed, that benefits have not fallen off or costs increased unduly.

**Senator Carter:** You collect information, apart from the surveys. Let us forget that for a moment. The basic information must come from the people in the field, the people on the job.

**Dr. Campbell:** Very largely from the people who are participating in training or in LIP.

**Senator Carter:** You get that from your local or regional office. Do you get that from a special form? Do you have a special form designed for that?

**Dr. Campbell:** Yes.

**Senator Carter:** You get this information. Do you have means of verifying or checking the information? How do you know the information is 100 per cent reliable?

**Dr. Campbell:** We generally do not have a program to test the data which comes from the field. We do examine it to determine its degree of completeness. Before it goes into the computers, it goes through an edit program. If there are inconsistencies between the information on two parts of a form, that would be checked out if possible; but, no, we do not have an audit system that would go back to individuals and ask them if they had signed their names to false statements, or something of that kind.

**Mr. Fay:** Some would be audited, because often these forms are operational administrative forms. So the information we use would also be information that is used in a financial sense. To that extent the information we use would be audited as well.

**Senator Carter:** We have had witnesses who have expressed their evaluation of your programs. No doubt you have read about it in the evidence. In some cases they vary quite a bit from your own evaluation. Have you any comment to make on that?

**Dr. Campbell:** I would not want to comment on that except in individual instances. I find it a difficult thing to do, to comment on that in general. Some comments I have seen in the testimony, I must say, struck me as being rather ill-informed comments, and some struck me as being sensible comments.

**Senator Carter:** Do they raise any questions in your mind as to the effectiveness of your evaluation? They cannot both be right. Both may be wrong, but both cannot be right. Do they raise any questions as to the effectiveness or methodology that you employ? Have you any questions at all about the validity of your evaluation?

**Dr. Campbell:** They certainly have not raised any questions in my mind about the general methodology we employ. There have been some comments which I thought were very wise. For instance, I believe one of the witnesses pointed out that a benefit cost of evaluation simply cannot take account of subjective things—that is, whether people feel lonely after they have moved, or things of that kind—things which can be very important to individuals but which we cannot measure. No evaluation is ever complete, because you simply cannot measure a lot of things that are important to people. I would agree with that kind of comment about any evaluation.

**Senator Croll:** I have three questions. Were you not struck by the evidence, which tended to indicate a lack of credibility generally, as the men who are sitting where you are now sitting related their experiences in their dealings with the department?

**The Chairman:** You are speaking of all the witnesses?

**Senator Croll:** Generally speaking. I will get to a particular one in a moment.

**Dr. Campbell:** I was struck, I suppose, by some of the testimony. I cannot remember particular names at this point, but a number of the witnesses coming from industry, for instance, seemed to me to be saying they had experiences with the department which in their view were not terribly fortunate ones—experiences in which they felt the department really had not lived up to its goals and objectives.

There are a number of factors at play there. Without wanting to appear to be doing battle or trying to discredit anyone, we have, as a department, frequently found that



some of the firms which complain—and some do—about our services really are firms which have rather little contact with our services.

There is, though, another factor which runs through there. Many people do not appreciate the real difficulties which the department has in working with the kind of labour market we have. The fact of the matter is that we can only refer people who want to be referred. We can only refer to firms people we have got.

When you have a tight labour market—let us take the Toronto situation a year ago, or the situation in the Prairie provinces at the moment—the people a firm wants may simply not exist. They simply may not be available because they are all working at higher wages somewhere else. What a firm sees, I think, is not whether the department is doing its best. What the firm is interested in is what we are supplying to them right away, today. When the department, because of the state of the labour market, is not able to supply a firm with what it would like, we get criticism.

**Senator Croll:** When you talk about a labour market, and particularly relations affecting those people who came from the Brampton or Mississauga areas, you have a fair amount of unemployment there, even under today's circumstances.

**The Chairman:** I wonder if I might ask a supplementary to your question, senator?

**Senator Croll:** Yes; go ahead.

**The Chairman:** Dr. Campbell, you say, "We can only refer people who want to be referred, and we can only refer the people we have got." Does that indicate that the real thrust of Manpower is oriented to finding jobs for those people who are seeking jobs?

**Dr. Campbell:** On the placement side, Mr. Chairman, I think you could put the same thing precisely two ways. You can say it is finding jobs for those who are seeking jobs, or you can say it is filling positions for those who have positions to fill. In practice, the two things are one. They are two sides of the one coin.

**The Chairman:** That is as valid as saying, in connection with the stock market, that for everyone who has to sell on a going-down market, there is someone who is buying. You have to complete a transaction. Nevertheless the thrust is one way or the other.

If I read what you say correctly, admittedly there is an obligation to fill job vacancies—a real obligation—but we are looking for thrusts. I am inclined to agree with you that one of the major difficulties confronting the department is this very statement you make, that you can only refer people who want to be referred, and you can only refer people you have got.

Therefore that would indicate that the thrust—and it is a very valid thrust—is on the side of finding jobs for those who are seeking jobs; and perhaps the crux of the problem, when you were mentioning the evidence from employers, was your rejoinder "Well, some of the employers do not really use the service."

We are aware of that. We are aware that a lot of the evidence given us has been purely subjective, and often based on hearsay. On the other hand, our evaluation problem is by no means as sophisticated as yours. Nevertheless we have sought the opinions of a number of firms; at least

we have a sampling. The overwhelming position of employers is that this gulf exists. We are inclined to think it exists because the real thrust of the department is as you enunciated it here.

**Dr. Campbell:** I am not trying to duck the question, Mr. Chairman, because I think it is an extremely pertinent one.

**The Chairman:** We are not trying to nail you down. It is really a question for your minister, in the end.

**Dr. Campbell:** I think it is, yes. As I said before, we have not carried out, as yet, an evaluation of the placement function. That leaves me, if I may say so, rather handicapped in trying to respond with any degree of accuracy to questions as to how well that function has performed or how large an impact it has. I would not want to say very much on this at this point. I would prefer to suspend my views on it. You cannot suspend your views, but I would like to suspend mine until such time as we have an evaluation on it.

**Senator Carter:** Coming back to what Senator Hicks said, can you ever have a valid evaluation method with the definition that you now use? A definition based on the placement of one person for one week, to me, in the context of the mass of people looking for jobs, is meaningless.

**The Chairman:** We will come back to that area, senator. That is a little off Senator Croll's point.

**Senator Carter:** He was talking about future evaluations. I do not think there can be valid future evaluations unless this blasted definition is changed.

**Senator Croll:** That is one of my questions to come later. I have another question for now.

I am wondering what your expertise is, Dr. Campbell. Is it in sociology?

**Dr. Campbell:** No, I am an economist by training, or perhaps I should say I used to be an economist.

**Senator Croll:** Another question which you might be able to answer is one put to us by the people in the restaurant business. I have no doubt you have read it. It struck us as being rather representative. In this case, we have a great number of people looking for bodies to employ—and it is just bodies they want—and along with that is an acute unemployment situation in the city. Why did the two not mesh? What was the problem?

**Dr. Campbell:** Let me say, first of all, that we have in the past, I believe, carried out some studies within the department in relation to the hospitality industry. I have not refreshed my memory on those studies recently.

I think there are quite a number of factors at play, one of which is that the restaurant industry tends, like a number of industries, to be a very high turnover industry. People take jobs and leave jobs very quickly. I think it is perhaps partly because of the nature of the job itself, and it may be partly because of the tastes of the people involved.

I do not think one should assume that everybody in this country wants a full time job, a permanent job. The vast majority of people do, but for some people the sort of thing that suits their personal situation is to work for a number of weeks. It may be a woman, for instance, who



wishes to tend to affairs in the house for a while and then work again. That problem does exist. It really means, not so much that they cannot get people, but rather that they cannot keep people.

**Senator Croll:** Why not?

**Dr. Campbell:** I think partly because of the nature of the jobs and partly because of the rates of pay which are typical in that industry, or perhaps because of the hours of work involved. The hours of work in the restaurant industry are the hours when a lot of people want to be home eating.

There are many factors at play. The restaurant industry for many years has had a very high turnover rate, a relative inability to keep people on the jobs. This is the kind of situation we would like to see change. How much it is going to change or how rapidly it is going to change, or exactly what might be done about it, are, I think, extremely difficult questions.

**Senator Croll:** Mr. Chairman, I have two other questions which I will come back to later.

**The Chairman:** Senator Grosart.

**Senator Grosart:** Dealing with the matter of confidentiality, I would be interested in knowing the reasons put forward for this confidentiality in respect of conclusions and recommendations. Dr. Campbell mentioned one reason as being the protection of the minister from embarrassing questions, but that does not particularly impress me. What are the other reasons? Why confidentiality?

**Dr. Campbell:** For a thorough treatment of that question, you would, undoubtedly, be better off speaking with the people who generate the general government guidelines on confidentiality and public disclosure. The reason I personally feel that confidentiality in respect of recommendations and conclusions in evaluation reports is important is not so much for the protection of the minister per se, but so that we do not get distorted evaluation reports. It is the potential problem of self-censorship on the part of the evaluators.

If an evaluator feels that the material he produces, the frank comments and criticisms, are going to be used, or could be used, as political ammunition against his boss, he is liable to impose a form of self-censorship. He might tend to tone things down or to omit those things which might result in adverse criticism of his boss.

**Senator Grosart:** That is what caused the Watergate situation—exactly that.

**Dr. Campbell:** I would not want to compare our minister to Mr. Nixon.

**Senator Grosart:** But that very philosophy was the whole cause of Watergate.

**Dr. Campbell:** As I indicated, I think there is a real conflict between what I think is a need for confidentiality in respect of recommendations and conclusions and the principle of full public disclosure. I do not deny that there is a real conflict in that respect. I think we have attained a reasonable compromise between the two, but I realize that someone else may disagree with me.

**Senator Grosart:** We are in an era in which the government is insisting on the private sector disclosing all information, and yet you come along and say that public money

is spent on evaluating your own in-house programs and that you are not going to allow the public to know what your assessments of those programs are. That mystifies me. For example, the only way this committee can judge the efficiency of your division is to know to what extent your recommendations have been implemented. If the answer is zero, then you should wind up operations. We need to know this information.

I am not going to ask you the general question. I will stay with the confidentiality.

Perhaps I should ask you this: Is this confidentiality imposed within the department, or are there government guidelines outside the department which specifically prohibit you from making these conclusions and recommendations public?

**Dr. Campbell:** Perhaps Mr. Fay can answer that.

**Mr. Fay:** These are outside departmental guidelines. These are the guidelines published by the government. They are not departmental guidelines.

**Senator Grosart:** Who is the "government"?

**Mr. Fay:** Well, we get guidance from the Privy Council office. We seek guidance in these areas and in defining guidelines. We are quite content to make available as much information as we can. The advice we get from the Privy Council office, as Dr. Campbell has outlined, is that we should make available as much of the factual information as possible, but we should not make completely available the overall evaluations, including conclusions and recommendations.

**Senator Grosart:** Are you saying that before you can issue a press release you must seek the permission of the Privy Council office to do so?

**Mr. Fay:** No.

**Senator Grosart:** Well, where are the guidelines? What are the criteria?

**Mr. Fay:** There are published government guidelines in respect of the release of documents. We in fact then ask advice as to the specific meaning of those guidelines and get an interpretation from the Privy Council office. We do not go back every time, but we do in fact seek the interpretation of the Privy Council office with respect to these published government guidelines.

**Senator Grosart:** So, the Privy Council decides what information any department can give out—is that right?

**Mr. Fay:** It lays down guidelines for the release of information.

**Senator Grosart:** Then it decides. If it lays down guidelines, it makes the decision.

**Mr. Fay:** Not on an individual basis. It does give the general principles, certainly.

**Senator Grosart:** If I may say so, you have said that it is done on an individual basis. You have said you consult them and ask, "Do these guidelines apply in respect of " program?"

**Mr. Fay:** Perhaps I have given the wrong impression. There are some general guidelines prepared. We have gone back once or twice to the Privy Council Office overall for clarification of these guidelines. We do not go back

with every evaluation report and say, "Can we publish this or can we not?" We have asked on, I think, two occasions for clarification of these generally published government guidelines.

**Senator Grosart:** Has the Privy Council Office specifically prohibited you from giving out this information that we are talking about?

**Mr. Fay:** On the conclusions and recommendations?

**Senator Grosart:** Yes.

**Mr. Fay:** We went back to the Privy Council Office and said we were proposing to give the factual information, but in fact separate from the conclusions and recommendations, and they said that was in line with their recommendations laid down in this area.

**Senator Grosart:** This is the most frightening thing I have heard in this committee, that the Privy Council Office can tell you what information you as a department can give the public. This is what it amounts to.

**Mr. Fay:** All the factual information is, in fact, made available, as we have said. It is the conclusions and the subjective opinions drawn from them that are not made available.

**Senator Grosart:** That has been the evidence, and that is what I am speaking about.

**Senator Desruisseaux:** Before you go to another question, may I ask the witness whether he can provide us with the guidelines that he has to cover this information?

**Dr. Campbell:** Yes, sir, we will be happy to provide that.

**Senator Robichaud:** That is public information.

**Senator Grosart:** It is some years since I saw the guidelines, but my recollection is that they would not cover this specific thing, unless it is a subjective decision by the Privy Council Office. Does it concern you that some of the major public statements of evaluation of the Manpower program are made on matters that your own Evaluation Division has not dealt with? I refer specifically, of course, to the one-week placement criterion, to the 0.3 million figure, and to international comparisons. My understanding of the evidence is that these have not been evaluated internally, they have not been subject to your own evaluation, but they have become the major evaluation pronouncements by the department. Does this concern you?

**Dr. Campbell:** Two of those three pieces of information were in fact produced by my division. The "0.3 million" material was produced by ourselves in collaboration with the Treasury Board, if I recall correctly. The international comparisons were drawn from a paper that one of my officers prepared. I forget the third item you mentioned, but that is not our responsibility.

**Senator Grosart:** The one-week placement. If I heard you correctly, you said you had not evaluated this.

**Dr. Campbell:** That is correct.

**Senator Grosart:** So the major pronouncement—if I may call it that, because it has concerned us more than anything—was issued by the department but has not been evaluated by the department. Is that correct?

**Dr. Campbell:** That program certainly has not been evaluated.

**Senator Grosart:** Then perhaps we should not take very seriously that particular statement made by the minister, which seems to me to be one of the foundations of the assertion of the general efficiency of this particular program.

**The Chairman:** This was the \$100 million?

**Senator Grosart:** I am speaking of the one-week placement criterion.

**Senator Croll:** The one-week employment.

**Senator Grosart:** If somebody stays in a job for a week it is a placement. On the evidence we have had it goes much beyond that; we go into international comparisons from that one-week placement and it is the major piece of evidence that I think we have had as to the efficiency or the cost-benefit, if you like, of the whole expenditure of Manpower in this field.

Perhaps I should say at this time that I am just asking questions. I am not necessarily being critical, and certainly not critical of the concept of evaluation and forecasting, which I think are absolutely necessary. I would be inclined to have some doubts about your preference for the subjective or in-house kind of evaluation over an outside, objective one, because it seems to me that you are here making a dangerous mixture between assessment and implementation.

My understanding was that you said one of the main values of this was that you worked with the project manager, and because you were sympathetic to him at this time he was more likely to implement it. From the experience I have had, it would work the other way: you make an objective assessment and then you tell him to implement, or else. However, this is the public service and not the private sector, so I understand the problem.

On international comparisons, I think you gave us an example. I am not quite sure whether there are OECD figures on this. Again on this placement matter, how can you make any international comparisons if there is not an international definition of what a placement is?

**Dr. Campbell:** To make international comparisons is extremely difficult. As I imagine you are aware, different countries produce their numbers on different statistical bases. The problems in those kinds of comparisons are really horrendous. If you are interested, I would be happy to send you a copy of the fairly thick paper, which details both the strengths and weaknesses in those comparisons. The comparisons are, I would have to say, fairly rough; those are not fine tuned comparisons. There is no way, when statistical definitions differ, that you can make them match absolutely. Our people have done the best job they can with them, but I would have to say that those were very rough comparisons.

**Senator Grosart:** Thank you. I will not ask if you agree fully with the very strong case that the minister made in respect of international comparisons. I am not asking that question. In your evaluation, what comparative emphasis do you place on economic and social indicators?

**Dr. Campbell:** That depends very much on the program that is being evaluated. As I mentioned earlier, we list in outline and try to articulate in measureable terms what the objectives of a particular program are. If the objectives are primarily economic, we develop economic measures concerning them. For the social components of pro-



grams we try to do the same, although I must say that it is much more difficult to develop measures in the social area than in the economic area; it is harder if you cannot deal with dollars.

**Senator Grosart:** Have you developed a set of social indicators that you apply? I know it is a difficult question, because all around the world everybody is trying to come up with them and nobody has. Do you have a set that you apply?

**Dr. Campbell:** We have not developed them. The OECD has done a great deal of work in their development, as has Statistics Canada here. We have not been directly responsible for that here. I think the development of social indicators is very worthwhile, and is one of the things that we want to look very hard at, particularly in the social areas; in respect of the social aspects of our program the degree to which we can apply those same things is of importance.

**Senator Grosart:** But they are a component of your evaluation, probably with a different emphasis.

**Dr. Campbell:** The development of them has been pretty recent, as I am sure you are aware, and we have not therefore really had a chance fully to integrate them into what we have done so far.

**Senator Grosart:** Have you evaluated the efficiency of the provincial training purchase approach as against some alternative?

**Dr. Campbell:** The purchase approach versus an alternative, no, we have not.

**Senator Grosart:** So the department, as far as we know, has not concerned itself with whether this is the most efficient way of buying training?

**Dr. Campbell:** The department as a department has very much concerned itself with that kind of question. All I meant was that it is not really possible to do a professional evaluation of that kind of question, because you are trying to stack something which exists up against something which does not exist. There is no way we can get a comparative measure.

**Senator Grosart:** On the other hand, you might get a very interesting comparison if you evaluated on a comparative basis the training that you are buying in different provinces. Has that been done?

**Dr. Campbell:** Yes, sir, we have benefit-cost ratios for the training in each province.

**Senator Grosart:** Are there significant differences?

**Mr. Fay:** Yes, there are very big differences. However, it does depend upon a lot of other factors besides the efficiency of the actual operation. Labour market conditions obviously play a big part in this situation, but there is a significant difference between them.

**Senator Grosart:** There are significant differences between the efficiency of what you buy, and more or less for the same money?

**Mr. Fay:** And the overall effectiveness of the programs, yes.

**Senator Grosart:** I see. As it meets your requirements for training?

**Dr. Campbell:** In relation to the benefits that accrue to the people after training, yes. This is really our measure in this area.

**Senator Grosart:** I have a final question, Mr. Chairman.

I wonder if you are not concerned with the fact that it seems to have taken a year to get the red stamp off the data documents and a year to get the message of a successful, as was indicated, presentation through the Economic Association of Canada, to Dr. Meltz. Do you complain that it took a year in both cases to get the message through?

**Dr. Campbell:** I am concerned. But I have seen that sort of thing before and I am not all that surprised. One of the big problems in anything, within a bureaucracy, as between a bureaucracy and the rest of the world, is the communications problem. I have frequently found that there is an enormously long lag between when someone thinks he has communicated something and the point at which everybody else has fully understood and appreciated it.

**Senator Grosart:** That does not apply only to a bureaucracy.

**Dr. Campbell:** Some days I do feel it.

**Senator Grosart:** Thank you, gentlemen.

**Senator Neiman:** Perhaps my first question is directed to Mr. Fay. I want to go back to the statement referred to a number of times this morning about \$100 million as against the 0.3 per cent reduction in unemployment. I must confess that I find this type of statement quite meaningless. When dealing in dollars and cents, as Dr. Campbell says, and when that is said to be applying to a reduction, why was not the \$100 million compared to dollars and cents rather than to the 0.3 per cent reduction? In other words, in your mind, how many dollars and cents saving is represented by that 0.3 per cent reduction in unemployment?

**Mr. Fay:** I think the whole reason for it coming into the discussion was that the prime object of this program was to reduce unemployment by the creation of worthwhile work. I think this was where it came into being, first, as a kind of shorthand way of saying that if you spend \$100 million on this program over a certain period you are likely to see an effect on the unemployment rate of about 0.3 per cent. It was no more than that. It was only an indicator as to what the program was likely to achieve.

**Senator Neiman:** If you are saying to me that a 0.3 per cent reduction means that the government has saved \$40 million in the unemployment insurance payment, I can understand that in layman's terms. Then I would say, your programs are very successful. If you are saying that they at least achieve some balance between pay out in one direction or another, then I think a layman can understand that. That is the type of figure I am trying to get at.

**Mr. Fay:** I think this raises two very important things. First of all, there is this question of how many dollars savings you can also produce in this program, how many of the people who came under these programs were taken off the roles of the UIC, for example. That is a very difficult thing to do. We are trying to do this.

**The Chairman:** We do have a study that shows that for \$253 million spent here in a direct employment program,



1972-73, the estimated amount as income to other federal programs is \$17.3 million.

**Mr. Fay:** I think this is one end of a range. It was looked at from a number of directions. First of all, there was the overall look on what would be the likely reduction in the UIC payout for a certain level of unemployment. The second attempt was to see what would happen to a sample of individuals in this situation. The result gave a very wide spread and we are still trying to reduce this spread on the estimated savings but it is a very, very difficult analytical job to estimate it.

**Senator Neiman:** In other words, that statement does not mean much at the moment, because in real terms—

**The Chairman:** If I may interject there for a moment, I suspect that you are absolutely right, but since I believe his minister made the statement I think we had better not ask him to comment on that question.

**Mr. Fay:** I think its value is reduced, by not including savings.

**Senator Neiman:** In doing this, I assume your department put together the material on which this statement is based. Did you have a breakdown as between different types of programs, as between LEAP and LIP? You said that this one was based on LIP, but again do you think that this type of statement is very helpful? For instance, a LIP program may be excellent and showing a good return in terms of dollars and cents, whereas an Opportunities for Youth program may be doing a very bad job, overall. Are you, in your surveys or analyses of these programs, breaking them down in that way?

**Mr. Fay:** No. It is not usual to come up with a comparison like that, because they have more relevance in the case of LIP, which was to reduce unemployment during the winter months. In the case of LEAP, it had many other objectives. We would like to see how much it is costing us to provide the employment, but we would not consider trying to compare LEAP and LIP, say it is costing more, and therefore it is no good. Because in the case of LEAP there are a whole lot of things that we have to have to have a look at. So we really do not produce that kind of comparison between these things and that one means so much of a reduction in unemployment.

**Dr. Campbell:** Perhaps I could comment here, Mr. Chairman. I realize that 0.3 is causing some general problems here. That figure was derived, as I think I mentioned, by ourselves and the Treasury Board and it was derived essentially for program comparative purposes.

One of the key questions which the government had in terms of reducing winter unemployment was, "how effective is LIP, how much reduction do you get for \$100 million; how effective in reducing winter unemployment are two or three other programs." Therefore, if the objective is to reduce winter unemployment, which program should be utilized? That is where the 0.3 arises, and I think so frequently cited, in what I realize is an almost incomprehensible form.

**Senator Neiman:** When you are doing those evaluations of the different programs, as you suggest, would part of your evaluation and recommendations to the minister include such observations perhaps as that, for instance, the LIP program, the winter program, is extremely valuable in this area and that you should concentrate on this

type of program, whereas another program such as OFY is obviously not of much assistance?

**Dr. Campbell:** Recommendations of that type are exactly what we are trying to produce.

**Senator Neiman:** When you do these evaluations, Dr. Campbell, you made a statement that you often go to the people who actually participate, such as in these programs. I know that a study was done by the University of Calgary. But it seems to me that in the total evaluation of several of these programs it would be extremely important to get evaluations from the community, the municipality, and the provinces. To what extent do you take into consideration the opinions of the municipalities in which these programs are carried out? You know from reading our evidence that we have had complaints about parachuting programs into areas, provinces and municipalities, which have said they did not want the programs or that they had not been consulted. To what extent in your recommendations do you take that type of observation into account?

**Dr. Campbell:** Depending on the particular type of program we take those things into account. For instance, with respect to the community surveys we have had done on LIP, one specific part of that was to ask the people to speak to competent municipal authorities across the country and get their views as to the worthwhileness of the projects.

The parachuting complaint, if you want, is something which will normally be noted in the evaluation report. If we have been able to get into it in depth we say rather more about it. If we have not been able to, we simply mention loud and clear the fact that those problems, in the view of those people, seem to exist.

**Senator Neiman:** To what extent do you use your local Manpower offices to receive this type of information? For instance, I come from an area near Brampton which really resents a lot of these LIP and OFY programs. They think they are highly unnecessary. To what extent do you take account of those local opinions?

**Dr. Campbell:** Certainly, the program structure for LIP, as it now exists, tries to do that through the constituency advisory groups where they exist, which attempt to pull together at least a rough cross-section of people in the communities to provide advice as to the kinds of priorities the particular community would place on different projects. Constituency advisory groups do not exist in every constituency, although we would like to see more of them, because, that kind of input is necessary and valuable. I do not know whether one exists in the area you are speaking of, but certainly in terms of program design we are concerned to get that kind of input. Sometimes it is more effective than others.

**Senator Neiman:** Dr. Campbell, you mentioned that when you feel some of your programs have achieved their objectives in the terms that you set out, you then fall back into a monitoring position. Surely, the objectives of any program would have to remain quite flexible so that they could be changed with changing economic and social conditions? To what extent do you just accept the original objectives and say, "Well, that's it. It is doing what it is supposed to do, and we do not need to worry about it."? It seems to me that any of these OFY programs must constantly be re-evaluated in terms of their objectives as well as their accomplishments.

**Dr. Campbell:** That is correct. I did not mean to imply that we do it once and then forever fall back into a monitoring position. You are quite right that the objectives of programs do change and must change from time to time. When economic situations shift, and so on, the department must make a determined effort to reorient a program. When a program is reoriented then we must have another intensive evaluation to see whether it is adequately achieving the new set of objectives.

**Mr. Fay:** One of the main points of having a steering committee on evaluation for each program, which meets certainly once a year, is to hit that very point. We must make sure that we are evaluating the objectives as, in fact, they are perceived and accepted. Any changes that can be taken in and incorporated into the evaluation for the next period will be. Quite specifically, these steering groups on evaluation do serve the purpose of making sure there is this tie-in between the objectives and the evaluation.

**Senator Grosart:** Mr. Chairman, has this 0.3 per cent unemployment equation been applied to all the other programs and activities of the department?

**Mr. Fay:** It certainly has not. It applies to one specific program and to one point in time, which is the LIP program in the year in which that was developed.

**Senator Grosart:** My understanding was that this was done in response to a request for a similar comparison with other programs.

**Dr. Campbell:** If I may add to that, LIP was compared to FLIP, which was a program administered by the Treasury Board called Federal Labour Intensive Projects. LIP and FLIP, and I believe a couple of other programs, have been compared in the manner I indicated. There is a difficulty in comparing, say, LIP and OFY. One is for winter unemployment and the other is for summer.

**Senator Grosart:** I realize that. But have you come up with similar equations for any other programs?

**Mr. Fay:** Not for departmental programs.

**Senator Grosart:** This is the only one of its kind?

**Mr. Fay:** Yes.

**Senator Grosart:** The reason I ask this, Mr. Chairman, is that, if this efficiency or inefficiency of benefit-cost applies throughout, it would indicate that if the department spent \$700 million on the manpower side an application of this throughout would give us a reduction of unemployment of 2.1 per cent, which is seven times 0.3.

**The Chairman:** I do not know if your logic follows.

**Senator Grosart:** I said that, if this efficiency or inefficiency of benefit-cost applies throughout, that would be the result.

**The Chairman:** Reuben Baetz had something to say about that in his testimony before the committee.

**Senator Croll:** It would have been far better if that statement had never been made, Mr. Chairman.

**The Chairman:** Perhaps that is true. This is what Mr. Baetz had to say:

If one added up the job-creation and employment finding claims of government through LIP, OFY, successful training and mobility efforts, DREE grants,

provincial and local government activities, etc. it is hard to understand why we are in a period of rising unemployment instead of falling unemployment.

**Senator Grosart:** That is why I asked the question, Mr. Chairman.

**Dr. Campbell:** I am sure your arithmetic is correct, Senator Grosart. I would like to point out, though, that not all of the Manpower programs have precisely the same set of objectives. That makes a big difference. I certainly would not want to suggest that you could apply that ratio to all of our programs.

**Senator Grosart:** Except that one of the things we are trying to do here is to evaluate the policy application by the department. Is this program the best alternative? That is what we are trying to find out. So it is an important question as to the relative benefit-costs of LIP to any other program.

**Senator Carter:** Mr. Chairman, can the witness clarify what he meant when he said "re-evaluate the objectives"? Do you mean you evaluate the extent to which the objectives are achieved or you evaluate whether the objectives are correct or are the right ones?

**Mr. Fay:** The point I was making, Mr. Chairman, was that each year we do have a look at how far our evaluation procedures for the next period do, in fact, measure in with the objectives as currently defined. We do not evaluate the objectives but we evaluate on the basis of the objectives.

**Senator Carter:** I misunderstood you. I thought you used the expression "re-evaluate the objectives."

**Mr. Fay:** If I gave that impression, it was quite incorrect. I am sorry.

**Senator Neiman:** I have just one question on labour market forecasting, Mr. Chairman. I believe Dr. Campbell said that in this area his department relies to a great extent on factors or equations or information derived from Statistics Canada. I wonder, in the first instance, whether this reliance is not placed to a great extent on what one might consider to be dead material.

Secondly I would like to know to what extent you look to other factors, such as immigration, on an annual basis, as they are forecast over, say, the next few years, and to what extent you look at predictions of changes in the market itself with regard to industrial expansion, as it is predicted. How do you use those factors, if at all?

**Dr. Campbell:** We do take all of those factors into account in the forecasting system. The huge, 2,000 equation model runs, as I said, largely on the basis of Statistics Canada material. It also utilizes what forecasts we have as to the likely level of immigration, the impact of that on the size of the labour force, and so on. The industrial intelligence material, if I can call it that, gets plugged into the process after the people who make the computer whirl have produced their numbers.

**Senator Neiman:** Where do you get that material from?

**Dr. Campbell:** We have a network of about 50 regional and district economists, all of them outside of Ottawa.

**Senator Neiman:** All part of your department, though. You do not go to the business community, for example?

**Dr. Campbell:** They go to the business community.



**Senator Neiman:** I see. You said you are using a six-year forecast plan. Do you keep this constantly modified, year by year, or month by month? Do you revise this six-year forecast?

**Dr. Campbell:** We have just put it out for the first time this year. Our plan is to have a full scale revision of it—a rolling revision, as we call it—every two years. The first material was for 1980, I think. Two years after that we will have 1982, and keep it progressively up to date in that fashion.

**Senator Barrow:** Dr. Campbell, perhaps this has to do with what Senator Neiman was talking about a little while ago. In connection with these various programs, what factors enter into the determination of how the funds are spread around the various constituencies?

**Dr. Campbell:** For the LIP program, which is the only one which is allocated by constituency, we have a computer program which makes the best estimates we can get of unemployment rates and levels by constituency. Unfortunately, Statistics Canada does not produce any official statistics at the constituency level. We therefore, in effect, have to do the best we can in that respect. Those constituency estimates of unemployment and unemployment rates are then combined with an allocation formula that varies, depending on the level of unemployment in the constituency, the number of unemployed, the size of the labour force, and so on, and the putting together of those two in an arithmetical way produces the allocation.

**Senator Barrow:** It is not based on political pressure of various kinds.

**Senator Croll:** Oh, no.

**Senator Robichaud:** Oh, never.

**The Chairman:** Senator Robichaud?

**Senator Robichaud:** This is probably another trend of questioning. We have been told here that there are 356 private employment agencies throughout the country, and some of them have claimed before us that your entire range of programs should be completely scrapped, because you are ineffective. Suppose that someone—a president of one of these companies, for example—came to my office, or I met him on the street, and he said that to me, how could I briefly answer him, and in polite language tell him to go to hell?

**Dr. Campbell:** That is always a difficult thing to do in polite language, senator. Let me put it this way: I find that kind of question very difficult to deal with unless someone is prepared to say why he makes that claim and to cite facts on it, because a person who says that is putting forward a conclusion of his own. If you look at the numbers, you will find, I think, that one of the studies we sponsored on a research grant found that the private agencies produce about 5 per cent of the permanent placements. They are very heavy in the temporary help field, but over all they are not really a major factor in the permanent placement field.

**Senator Robichaud:** To what extent does your department co-operate with them?

**Dr. Campbell:** My goodness!

**Senator Robichaud:** In the field of placement only.

**Dr. Campbell:** I would rather refer that to Mr. Manion, or someone who is more closely knowledgeable in that area. There was established some years ago a policy position on that matter within the department which I believe favoured certain forms of collaboration. I know there is some, but I really would not want to try to comment in detail, for fear of misleading you.

**Senator Robichaud:** Just a final question. There has been mention here—and some people recommend it—of the integration of Manpower with UIC. We have been told that some people go to your centres and say, "My name is so-and-so. I can do such-and-such a type of work. I hope you do not have any jobs for me, but I have to report," because they want to remain recipients of UIC. What are your comments on this?

**Dr. Campbell:** Well, I would have to say, first of all, that we do not have any statistics on precisely that matter. I have spoken with a lot of our counsellors, and when I do speak with them I certainly do get the impression that that is true in a number of cases. How big a factor it is seems, in my experience, to vary with the experience of the particular counsellor. When I have tried to get them to quantify it a bit, or, at least, make guesses about percentages, and so on, I really have not had much success, and I think it is one of the things which, if we can find the time and money, we would like to look into and see exactly what the scale of that sort of thing is.

**Senator Robichaud:** I think it would be helpful, and we would like to know, because that is one of the criticisms that the private agencies have against the department.

**Dr. Campbell:** It is a difficult area to work in, because it is very hard, as you will appreciate, to go up to somebody and ask them, in effect, "Are you cheating on UIC?" You are hardly going to get an unbiased response. So to get an answer to that kind of question, one would have to approach it much more indirectly, and probably make some rougher estimates than one would like to make.

**The Chairman:** I am not so interested in the methodology that you use, which I gather is Mr. Fay's area, because I am sure there can be endless discussion on which is the correct method by which to arrive at such things as cost effectiveness, or cost-benefit. What I am more concerned about is the raw material, the raw data, that you get, and it seems to me that the department is really not terribly concerned with raw data. For example, Senator Robichaud was referring to the unemployment insurance situation, and one thing that springs to my mind in that area is the special interview program. In that program they call in people who live pretty well on welfare or on unemployment insurance, and they interview them about possible jobs and they send them off on those jobs. According to my own researches there is no follow-up on that; in fact, no real attempt is made to follow it up. Certain material drifts back into the counsellor's hands and is recorded, but it is just the material that seems to come back.

In the area of placement, we have this one-week rule, but the counsellors do not really follow up to see how effective the placement has been and whether or not the job was really done. We have these growth statistics, which you have in your annual report and which have been mentioned frequently throughout these hearings, whereby the vacancies reported are given as one million, five and seventy-five thousand and placements as one



million, four hundred and twenty thousand, and so on. But there is no effectiveness involved in this.

Then in the training program, if somebody is referred to training, one of your officers in Toronto told me that they do not follow up on the training. If a person goes for training, then he goes off that counsellor's list, and that is the end so far as he is concerned, unless he hears back from the training institution.

I think what really bothers me about this evaluation process is not, as I say, your methodology—because we could discuss that for hours, and I am sure you could run me around in circles, but—the fact that from going and interviewing the people in your offices, and I think other senators have had this experience as well, the counsellors who are handling this are not really following what happens to the job-seeker. The job-seeker comes along and is dealt with, and if he does not come back he is regarded as having been placed and that is the end of it. If he does not come back from training, he is regarded as being well trained. I must admit this does bother me terribly about your method of evaluation, and I would like you to comment on that.

**Dr. Campbell:** I am glad you brought it up. The situation there is, I think, of interest. If I recall correctly, the department has had a generalized policy of trying to encourage counsellors to follow up on training, and certainly in terms of reporting what has happened to someone who went out on a job referral there is supposed to be, and I believe there is, a check-up done on that. Now there is a problem here and where is a real conflict that counsellors experience, and that is that their orientation as individuals is very much towards trying to help the person and trying to fill the job. Their interest is in doing that job as well as they can. Their personal interest in statistics is very low. It is we who have the interest in statistics. In some region, where training is concerned, for instance, there is quite amount of follow-up done by counsellors while in others I do not think there is very much at all. But across the whole country we have a comprehensive three-month follow-up system which is operated by mail. A mail survey is sent out regularly three months after the training course to those who have participated in it. That is how we get our main data for the follow-up and evaluation. We have recently had pilot, 15-month and 27-month surveys, which is something we would like to continue if we can find the money. But surveys are very expensive things. So even when the individual counsellor is not following up, we do have the evaluation system and it does follow up.

The evaluation system does, but if you go into the centres—and here I am talking about a number of centres that I have gone into—you do find that there are various people recording data. Whoever is on the job information centre desk quite often records data. There are several of them recording data and some of them do not know why they are recording it or what it means, but that is really not essential provided they are doing the job. But you do have the means, particularly since you have the job information centres. The references are made there quickly. But the counsellor area is an area in which you have people dealing with limited numbers of clients. By that I do not mean that the numbers are small, but they are limited according to the counsellor's capacity. Every counsellor says he has more than he can deal with. Each counsellor has a file and in that file he has the names of the people. So what I cannot understand is why the counsellor is not giving you what is really the best data you

can possibly get, because it is direct data that is involved in staying in touch with the job-seeker and finding out how effective the job is.

A clear report system could be built there that would show you how effective the system is. All the figures you are getting from your own people are based on gross placement data. How many people eddy through the centre, how many went on training and how many went through as referrals and how many placements were made. But there is no really effective criterion, and yet it would not involve very much more than what the counsellors are doing to get that. The cost of doing it would be relatively small. In the training area the cost of seeing how the person sent for training is coming along would be very little. And I cannot understand why you are not getting that. I know that in some of the bigger offices this might involve quite an organization, but in the smaller offices the people know what is going on and they know what is happening. That data can come back to you.

I have to say, in all honesty, that I am not terribly impressed with all the statistical methodology involved on the raw material, because you can come out with figures, and those figures can appear to be pretty good, but if those raw figures deal only with gross placements you have a problem, and I cannot understand why, with the organization you have, you do not have something that is telling you how effective the job is rather than how big it is and how many people are involved.

**Mr. Fay:** I wonder if I could make a comment on that. First of all, a placement should not be counted as a placement unless it is confirmed. So somebody should have telephoned the employer and asked, "Has that man actually filled that job?" In some CMCs they have a central audit taker so the individual counsellor might not be the one who actually rings up to find out if the man has filled the job. But somewhere before a placement is counted there has to be this confirmation that the job has been filled.

**The Chairman:** But in most of your big offices—and this is a real hole in your operation—the job vacancies are recorded by a special section and they are put on the Vuecom or on the computer, and the counsellor sees nothing more than that card, so he is really not in a position to talk about the job vacancy.

**Mr. Fay:** This is true, but the actual job is followed up. For instance, if a client came along for a job and gave the impression that he was just not interested and was sent so as to comply with the regulations for example, that information would be reported back. So there is a follow-up on every job order in that manner.

**The Chairman:** The job orders are pretty good, that is correct.

**Mr. Fay:** But it might not be the counsellor, which I believe is your point, Mr. Chairman. The follow-up subsequent to that is in fact time-consuming, but very important. Therefore we intend to, as Dr. Campbell said, very shortly institute this sample survey as to the number of individual job orders, what happens to the jobs and what happens to the people, for instance three months later. Following that we will go into longer periods as to what happens to both the people and the orders. However, it is in fact quite time-consuming to have this for particular people. The finding is difficult, for a start. It takes an enormous amount of time just to actually contact people. So this cannot be done on a regular or continuous basis by

the actual CMC counsellors over a prolonged period of time. This is what we will try to pick up by using a sample.

With respect to persons who go on training, their files are in fact put into a special section and brought forward. So the counsellors are aware that their clients are on training and have the opportunity of, in fact, following up as the end of the training approaches.

**The Chairman:** But if, in fact, at the end of the training the client does not re-appear, his file goes into the dead section and there is no follow-up to see whether or not that training was effective.

**Mr. Fay:** Yes, there is an attempt.

**Senator Croll:** Yes, there is; he said that there was. However, my question is what do they do with the information?

**Mr. Fay:** There are two things: When it comes to the end of the training period the counsellor himself will endeavour to contact the individual to see whether there is any assistance he can give him. In the event he could not contact the trainee, it would be put into the dormant file.

**The Chairman:** I have news for you; there is one large office in Eastern Canada which does not do that.

**Mr. Fay:** This may happen.

**Senator Croll:** Not doing what, Mr. Chairman?

**The Chairman:** As I understand it from my interview with them, in the training situation they refer someone to training and are informed in two ways as to what happened. One is if the training institution gets back to them, which they sometimes do, informing them that the trainee is not performing satisfactorily in some way, or has been dropped from the course for some reason, either because he does not turn up, or because he cannot handle it. The other is if at the end of the training period the trainee comes back to the counsellor and says he is now trained and wants a job. In this particular office, if nothing more is heard from the trainee, a certain length of time goes by and the file on the trainee is closed.

**Senator Croll:** That is not what Dr. Campbell said.

**The Chairman:** This is just one major office; I was really testing him on this, because they said this is what they are doing. I may have been misinformed in my interview.

**Mr. Fay:** It is true in some cases.

**The Chairman:** But that is not important, because in some cases obviously you are not going to get everyone to do exactly what you want.

**Mr. Fay:** But, over and above this individual follow-up, there is in fact a sample follow-up, which takes place three months afterwards.

**Senator Neiman:** I have a supplementary on this sample follow-up: This is done by mail, I believe Dr. Campbell said.

**Dr. Campbell:** That is correct.

**Senator Neiman:** I wonder if it would not be almost as cheap and as simple, and perhaps a lot more effective, if you had people who went out to the training centres and checked out everyone who was there, find out who

dropped out, and follow them up from that end, rather than wait for material to come in.

It seems to me that rather than sitting here and sending out forms every three months, and perhaps getting a 10 per cent return from the people involved, it would be easier—certainly in the larger centres, where they have ongoing training programs—to have someone assigned to do nothing but go right to the training centre and check on a program whether it is finished, where they have gone, whether they have gone back into the CMCs, and so on.

**Dr. Campbell:** First, quite a bit of that kind of checking is done by many CMCs. But to establish a general system along those lines would be very expensive indeed. In general—I cannot give you a precise figure—the kind of money needed to duplicate the material we get from our mail follow-ups would cost about \$5 or \$10 per interview.

**Mr. Fay:** More than that.

**Dr. Campbell:** The follow-up survey itself costs about 50 cents per receipted questionnaire. We have three mailings. If people do not respond to the first mailing, they get a second mailing; and if they do not respond to that, there is a third mailing. We put a lot of effort into it.

**Senator Neiman:** Is there any way this information is correlated? In other words, you may know that a man has dropped out, or has been successfully placed, but he may be on the files of three CMCs who do not really know what has happened to him.

**Dr. Campbell:** If he has dropped out, the CMC would know and we would know, because that is part of the financial reporting system.

**The Chairman:** Could you give us a paper on how you handle the raw data so far as the CMCs themselves are concerned? I think you understand my problem. It is not how you handle statistics, but how you get the statistics and why you do not get more. For example, one of the things that bothers me a lot is the frequency of handling the same people over and over again. We all know that this is going on in Manpower Centres, that a very large portion of their time is spent in dealing with people who go out for a while and then come back. Have you any data on that, or any identification of this sort?

**Dr. Campbell:** We have no data on that. We would have to undertake a major survey.

**The Chairman:** Or perhaps a counsellor could do some recording. I suspect that a lot of your recording is not very worthwhile from your point of view.

**Mr. Fay:** In the files of CMCs all over the country there must be about one million or two million records. It is really a question of getting those records and being able to analyze them. That is what, in fact, we intend to do as part of the evaluation, to get hold of that primary recording data, and analyze the histories from those basic records.

**Senator Croll:** I suppose that figure we talked about—that one million figure—

**Senator Carter:** The \$100 million?

**Senator Croll:** No; that placement figure. What difference would it make, Mr. Chairman, if the figure was half that size? What effect would that figure have? It did not mean anything to me.



**The Chairman:** That was gross placements. You are saying what effect does that have. I agree with you—

**Senator Croll:** Do you recall some witnesses saying that at the end of the month, or at the end of the period, the counsellor called up and said, "Can't you give me some business? I have to make a report. Can't you hustle up some business for me?" That is what they said. I understand that. We understand that these things go on. At one of our earlier meetings Mr. Manion, I believe it was, in talking about the cost-benefit ratio, gave the benefit in respect of training as \$900 or \$950 per year. I was very much impressed by that. I liked that very much. However, he neglected to tell me at that time that the cost of obtaining the benefit of \$900 per year was \$1,637. I could not care less about the \$1,600, because I do not think it really relates, but I do think that when we are given these figures we should be given the total picture.

**Mr. Fay:** I think that is putting it rather strangely. I have sent a table to the committee which, hopefully, expands on this aspect. The cost is in fact \$1,600, but the benefit of \$900 will go on for a long time into the future. This, in fact, is the return on the investment. I think the calculation on the example we just looked at is about 57 per cent.

**Senator Croll:** But the \$1,600 will go on for a long time, too.

**Mr. Fay:** No, that is a one-time thing.

**Senator Croll:** It is a one-time thing for that particular individual, but it will go on for the next man.

**Mr. Fay:** But the next one will also have the benefit.

**Dr. Campbell:** The way it works, Senator Croll, is that we, in effect, make a \$1,600 investment in an individual's training this year and for an extended period of years into the future that individual will benefit. The calculation shows that the investment of \$1,600 increases his yearly income by \$950 each year.

**Senator Croll:** But for how long?

**Dr. Campbell:** It gets complicated because there is a discounting procedure. It is many times \$900.

**Senator Croll:** I am satisfied with that. It would have been far better had we had that information at the time.

**The Chairman:** Another area I am wondering about is the extent to which you make use of your counsellors and your local people in forecasting. I am advised that the people in your centres feel left out. I guess this is always the way people on the firing line feel. They feel that the head office predetermines everything. They feel they are more attuned as to what is required in their own local markets and, therefore, should be consulted with respect to the buying of training spots. Is that a valid criticism? In other words, are you in touch with your counsellors at the local level in respect of forecasting?

**Dr. Campbell:** As to forecasting, they are quite correct in that observation. Forecasting has very little to do with the individual counsellors. Forecasting is carried out jointly, as I said, by the people here in Ottawa, the regional economists in each region and the district economists in the various districts. To that is added the intelligence reports of our industrial specialists within the department. It is a coming together of all these things that produces the forecast.

Although they may not realize it, a great deal of information that counsellors produce in statistical form enters into forecasts.

As to the flexibility and appropriateness of training courses, each of our five regions is free to implement, with the money available, the training courses which the Federal-Provincial Manpower Needs Committee feels are appropriate. Those are judgments made at the regional and provincial levels. They may not always fit an individual circumstance; that is entirely possible. However, the track record on them would seem to suggest that generally they do fit.

**The Chairman:** Do you think the track record is pretty good?

**Dr. Campbell:** Yes, and I think it will be better still.

**The Chairman:** With these new methodologies?

**Dr. Campbell:** Yes.

**The Chairman:** Are there any further questions, honourable senators?

**Senator Carter:** I have three short questions. On your follow-up survey, when you made up the formal questionnaire, what was your response? Was it 20, 30, 48 per cent?

**Dr. Campbell:** 68 per cent.

**Senator Carter:** We have mentioned a number of programs this morning, such as FLIP, LIPs FRED, LEAP and OFY. As a result of your evaluation, have you recommended that any of these programs be discontinued?

**The Chairman:** I think that is a question it would be more appropriate to ask of the minister. It is a difficult question for the witness. I am not sure I am right in this, but with your forbearance I would suggest that we excuse the witness from answering that question.

**Senator Carter:** You said a number of changes had been made in objectives. What changes in objectives have you recommended?

**Mr. Fay:** I do not think we normally recommend changes of objectives as such. The evaluations are usually based on looking at how programs have achieved their objectives.

**Senator Carter:** I thought you also said that during the course of time the objectives were changed as well.

**Dr. Campbell:** What I said may unintentionally have been misleading. What I meant was that if, for instance, economic circumstances change, if the unemployment rate drops, then it becomes, in my view at least, a mistake to have a LIP program to reduce unemployment. As circumstances change programs have to be changed.

**Senator Carter:** We have heard a lot of talk about this \$100 million pumped into these programs and the 0.3 reduction in unemployment coming out at the other end. In your evaluation which produced that type of figure, did you also find out how much that \$100 million saved in unemployment insurance and how much earnings it generated for the economy?

**Mr. Fay:** We have tried to estimate both those things. The saving, as I mentioned, did have a very big range. I think it ranged from about 5 per cent up to 17 per cent. This was about as near as we could get so far as UIC were



concerned. On the multiplier effect, I cannot quite remember the answers that came out of it. I have a feeling that something like an extra 20 per cent multiplier came out.

**Senator Carter:** So the \$100 million generated \$120 million for the economy, something like that.

**Mr. Fay:** Basically. We have done a study on that, which we could make available.

**Senator Carter:** I think that is a more important figure than the 0.3; it is probably a more valuable figure than the reduction in unemployment. You have saved 15 per cent, say \$15 million that would have been paid out in unemployment insurance. In addition to that, you have generated \$120 million for the economy. That, added together, is a

net gain of, say, \$135 million. So your multiplier effect is roughly around 135 per cent.

**The Chairman:** Honourable senators, on your behalf I would like to thank Dr. Campbell and Mr. Fay for appearing before us. The only regret I have is that we do not have more time. It would be profitable if we could spend the whole day. We thank you very much for coming. Our hope is that we can get this other information from you, and our staff will be in touch with you regarding a more precise definition of what it is we would like to have. Thank you very much.

The committee adjourned.

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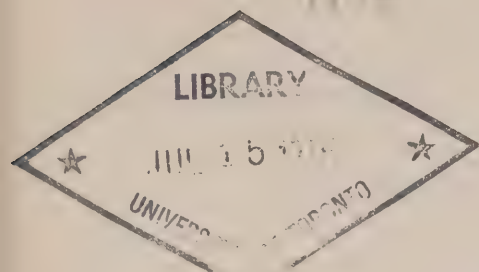












FIRST SESSION—THIRTIETH PARLIAMENT  
1974-75

THE SENATE OF CANADA  
PROCEEDINGS OF THE  
STANDING SENATE COMMITTEE ON  
**NATIONAL FINANCE**

The Honourable DOUGLAS D. EVERETT, *Chairman*  
The Honourable HERBERT O. SPARROW, *Deputy Chairman*

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Issue No. 25

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WEDNESDAY, JUNE 11, 1975

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**Twentieth Proceedings**

The examination of the Estimates of the Manpower Division  
of the Department of Manpower and Immigration for the  
fiscal year ending the 31st of March, 1975

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(Witnesses: See Minutes of Proceedings)

STANDING SENATE COMMITTEE ON  
NATIONAL FINANCE

The Honourable D. D. Everett, *Chairman*;

The Honourable Herbert O. Sparrow, *Deputy Chairman*.

The Honourable Senators:

Barrow, A. I.	Hicks, Henry D.
Benidickson, W. M.	Langlois, L.
Carter, C. W.	Manning, Ernest
Côté, J.-P.	Neiman, Joan
Croll, David A.	O'Leary, M. Grattan
Desruisseaux, P.	*Perrault, R. J.
Everett, D. D.	Prowse, J. Harper
*Flynn, Jacques	Rochichaud, L.-J.
Giguère, Louis de G.	Sparrow, H. O.
Graham, B. Alasdair	Welch F. C.
Grosart, Allister	Yuzyk, P.—(20)

\**Ex officio* member

(Quorum 5)



## Order of Reference

Extract from the Minutes of the Proceedings of the Senate, December 17, 1974:

Pursuant to the Order of the Day, the Senate resumed the debate on the motion of the Honourable Senator Everett, seconded by the Honourable Senator Cook:

That the Standing Senate Committee on National Finance be authorized to examine in detail and report upon the Estimates of the Manpower Division of the Department of Manpower and Immigration for the fiscal year ending the 31st March, 1975.

After debate, and—

The question being put on the motion, it was—

Resolved in the affirmative.

Robert Fortier,  
*Clerk of the Senate.*

# Minutes of Proceedings

Wednesday, June 11th, 1975  
(20) . . . (25)

Pursuant to adjournment and notice the Standing Senate Committee on National Finance met this day at 9:30 a.m.

*Present:* The Honourable Senators Carter (*Acting Chairman*), Barrow, Desruisseaux, Flynn, Hicks and Neiman (6).

*Present but not of the Committee:* The Honourable Senator Michaud.

The Committee resumed its examination of the Estimates of the Manpower Division of the Department of Manpower and Immigration for the fiscal year ending 31st March 1975.

The following witnesses were heard:

## CANADIAN CONSTRUCTION ASSOCIATION

Mr. Henry de Puyjalon, President  
Mr. Georges Desrochers  
Mr. Jean P. Langlois  
Mr. Michel Dagenais

## CANADIAN FEDERATION OF AGRICULTURE

Mr. William Hamilton, Associate Executive Secretary  
Mr. J. McGuigan  
Dr. M. Bursa, Senior Economist

## THE MINING ASSOCIATION OF CANADA

Mr. William Costello, Executive Assistant to the Managing Director  
Mr. Lorne M. Ames, Superintendent, Personnel & Industrial Regulations, The International Nickel Company of Canada Limited, Thompson, Manitoba  
Mr. Noel G. Ashby, Vice-President, Community Affairs, Hudson Bay Mining & Smelting Co. Ltd. Toronto, Ontario  
Mr. A. T. Redden, Director of Manpower Planning, Noranda Mines Limited, Toronto, Ontario.

## *In attendance:*

Mr. J. H. M. Cocks, Director of Administration; Mrs. Barbara Reynolds, Research Branch, Library of Parliament; Mrs. Helen Small, Parliamentary Centre.

A statement prepared by the Canadian Federation of Agriculture entitled "Manpower Services to Agriculture" was ordered to be printed as Appendix A of these Proceedings.

At 12:30 p.m. the Committee adjourned until 9:30 a.m. June 18th, 1975.

ATTEST:

Georges A. Coderre,  
*Clerk of the Committee.*

# The Standing Senate Committee on National Finance

## Evidence

Ottawa, Wednesday, June 11, 1975

The Standing Senate Committee on National Finance met this day at 9.30 a.m. to examine in detail and report upon the estimates of the Manpower Division of the Department of Manpower and Immigration for the fiscal year ending March 31, 1975.

**Senator Chesley W. Carter** (*Acting Chairman*) in the Chair.

**The Acting Chairman:** Honourable senators, I see a quorum, but before we begin I would like to explain what I am doing here in the chairman's seat.

Unfortunately, Senator Everett is unable to be here today, and that is true of our vice-chairman, Senator Sparrow, also. Senator Everett asked me if I would preside over this meeting, but I think that before taking on this responsibility I would like to have the concurrence of my colleagues.

**Hon. Senators:** Agreed.

**The Acting Chairman:** First, I must apologize and express regret to the committee for this changing of the time of the meeting at such short notice. When the original date was set we forgot about the event that is to take place this afternoon, which could make a sitting impossible.

I should like to mention also that next week, on June 18 at 9.30 a.m., our witness will be the Honourable Robert Andras.

**Senator Hicks:** That will be 9.30 in the morning also? What day will that be?

**The Acting Chairman:** That will be on Wednesday. If that is not a suitable date, perhaps we would have to explore other possibilities.

Honourable senators, we have with us this morning, at the present time, on my left Mr. Henry de Puyjalon, President of the Canadian Construction Association. On my right is Mr. William Costello of the Mining Association of Canada. We are to have witnesses from the Canadian Federation of Agriculture, Mr. William Hamilton and Mr. McGuigan, but these will not be arriving until around 10.30 a.m.

I understand that both Mr. de Puyjalon and Mr. Costello have opening statements to make. Before calling on them, I will ask Mr. de Puyjalon to introduce his colleagues, and then I will ask Mr. Costello to do likewise.

**Mr. Henry de Puyjalon, president, the Canadian construction association:** Mr. Chairman and honourable senators, on my left is Mr. George Durocher of our staff, who is our director of manpower resources and labour relations; Mr. Jean-Pierre Langlois, director of labour relations for the Construction Association of Montreal, now l'Associa-

tion de construction de Montreal et de la Province de Quebec; and further to his left we have Mr. Michel Dagenais, who is an expert on questions of manpower development and manpower resources. Sitting further over to his left is Mr. Girish Parekh of our staff.

**Mr. William Costello, Executive Assistant to the Managing Director, the Mining Association of Canada:** Mr. Chairman and honourable senators, sitting to my immediate right is Mr. Noel G. Ashby, Vice-President, Industrial Relations, Hudson Bay Mining and Smelting Co. Ltd., Toronto, Ontario; Mr. Lorne M. Ames, Superintendent, Personnel and Industrial Relations, International Nickel Co. of Canada Limited, Thompson, Manitoba; and Mr. A. T. Redden, Director of Manpower Planning, Noranda Mines Limited, Toronto, Ontario.

**The Acting Chairman:** I now call on Mr. de Puyjalon to begin his statement.

**Mr. de Puyjalon:** Mr. Chairman and honourable senators, the CCA is pleased to respond to your request to answer your questions on the matters raised in our submission of February 14, 1975 to Senator Everett. In that submission we attempted to depict the special conditions existing in the construction industry which, in our view, account in large part for the limited use of manpower placement services by construction employers—particularly those in the more unionized sectors of our industry.

To assist in answering your questions as comprehensively as possible, I have with me Mr. George Durocher, our director of manpower resources and labour relations, Mr. Jean-Pierre Langlois, director of labour relations for the Construction Association of Montreal and the Province of Quebec, and his assistant who specializes in manpower matters, Mr. Michel Dagenais.

Mr. Langlois' response to our request for information on actual field experience on the questions raised in your invitation to submit our views to you was appended to our submission. I presume these are on file. Since Mr. Langlois' letter formed part of that submission and because of his intimate knowledge of the problems which have plagued our industry in the province of Quebec in recent years, I felt he could add clarity to our answers to questions you may wish to ask on that part of our submission or on the findings and recommendations of the now famous Cliche Commission of Inquiry into trade union freedoms.

In our brief, we made reference to the Cliche Inquiry which was then in progress. That inquiry has now been completed and its report and recommendations were made public in early May. We wish to file with you a photocopy of the recommendations section and those parts of the report which deal with the operation of hiring halls. We have these here available. The recommendations designed to deal with the problems associated with union operated hiring halls are numbers 48, 111, 116, to 122 and 130 to 132.



We understand that a limited number of copies of the report were printed and these are very hard to come by. If it is your wish, we shall be pleased to supply a photocopy of the balance of the report.

**The Acting Chairman:** Thank you.

**Mr. de Puyjalon:** The problems which can result from the operation of hiring halls are not confined to Canada. They have also been the subject of studies in the United States. The results of one such study conducted by the Business Roundtable, and released in 1973, may be of interest to you, and we are pleased to also file a copy of it.

Finally, Mr. Chairman and honourable senators, in our submission we suggest one way of discouraging abuses associated with the operation of hiring halls. Our proposal does not seek to destroy these institutions, and I want to make that very clear, because they can perform a useful and constructive function in our labour market. It is designed to force them to compete on the basis of quality of service with other institutions serving the labour market.

Our country has a long history of hostility to monopolies in other than public services and, in our view, rightfully so. However, there is now a need for public recognition that abuses which result from the exercise of monopoly power are no less perverse or damaging to our market system when perpetrated through acts or practices of our labour institutions than when perpetrated through acts or practices of corporations.

Mr. Chairman, I have used up my allotted time for an opening statement. We are now ready to attempt to answer your questions, but I wish to add that there are some suggestions which are constructive, I hope, both with respect to the matters involved and with respect to the manpower programs and with respect to UIC matters and their need for more assessment, implementation and integration. I would like to come back to this subject during the question period.

**The Acting Chairman:** Thank you very much, Mr. de Puyjalon. Now, Mr. Costello.

**Mr. Costello:** Mr. Chairman and Honourable Senators, The Mining Association of Canada is pleased to have this opportunity to appear before your Standing Committee and to contribute in such ways as possible to the areas of your interest.

Our association has ongoing contact with the Department of Manpower and Immigration and in the light of continuing shortage of personnel which is likely to persist in the mining industry, this liaison will no doubt intensify. Certainly in our dealings with them to date, we have found the department to be constructive and cooperative and genuinely desirous of assisting the industry.

Perhaps, Mr. Chairman, it might be useful to your committee if I comment briefly on the structure of the association itself. The Mining Association of Canada is the national organization of the mining industry, and is composed of companies engaged in mineral exploration, mining, smelting, and refining. Its membership includes producers of base metals, gold, silver, other precious metals, uranium, iron ore, molybdenum, and certain industrial minerals such as asbestos and potash. The member companies of the association account for more than 95 per cent of Canada's output of metals and major industrial minerals. The association works in close co-operation with government departments, various professional and technical bodies and

provincial mining associations across Canada. In the event that it may be of interest to your committee, a list of member companies is appended hereto.

In February of 1974, the association decided to commission a study on labour shortages and turnover in the mining industry. The purpose of Phase I of this study was to document the dimensions of the problem and to obtain a managerial perspective on it, together with information on the social and other facilities set in place by companies as part of their ongoing efforts to minimize these two problems. An endeavour was also made to determine the cost to the industry in the hiring and training of new employees, together with the value of lost production.

This survey and copies of it have been left for your use, Mr. Chairman. The study encompassed some 80 mines from 58 member companies. We think it was representative of the industry in terms of its geographic spread and the different minerals produced.

The nature of the mining operations studied were 46 underground, 21 open pit, and 12 were in both categories.

The average age of the mines in the study was 20 years with the range of ages being from one to 74 years. The study found that the average turnover of unskilled labour for mines participating in the study was 127.8 per cent in 1973. The corresponding figure for skilled miners was 49.8 per cent. It is estimated that the cost of hiring and training new employees may have cost the mineral industries in Canada as much as \$48 million in 1974.

Mines participating in the study reported an average shortage of 6.4 per cent of the total unskilled labour force and a corresponding skilled miner shortage of 4.7 per cent. The average production loss due to labour shortage in participating mines was 8 per cent of capacity at the time of reporting. Given the same labour shortages in 1974, it may have been that revenues of up to \$320 million were forfeited by the industry in terms of decreased production and assuming a gross value of production by the industry in excess of \$4 billion.

Phase I was followed by a second phase designed to identify particular recruitment policies and strategies of an interim and long-term nature which hopefully will help to reduce this problem. Copies of this second phase have also been made available, Mr. Chairman.

I should mention that Phase I of this study was carried out by Dr. Peter Richardson of the School of Business Administration of the University of Western Ontario. He was assisted on the second phase by Professor Thomas F. Cawsey, also of the School of Business Administration of the same university.

In terms of governmental assistance, the researchers concluded that little attention is paid by either the federal or provincial governments to the immediate problems of labour turnover and shortages facing the mining industry in Canada. In particular, it was felt that governments can assist mining companies by carrying out studies designed to determine appropriate community and associated facilities needed to make such centres more responsive to the total needs of all the inhabitants than has hitherto been the case.

Mr. Chairman, that concludes my opening statement, and I and my associates are now at your disposal.

**The Acting Chairman:** Thank you very much. I will ask Senator Barrow to commence the questioning.

**Senator Barrow:** Perhaps I could begin with the Canadian Construction Association, Mr. Chairman.

In connection with your brief this morning, you made reference to the mandatory use of hiring halls by employers. Would you care to elaborate on that? What are the advantages as well as the disadvantages listed in connection with hiring halls?

**Mr. de Puyjalon:** I would ask Mr. Durocher to answer that question.

**Mr. George Durocher, Director of Manpower Resources and Labour Relations, Canadian Construction Association:** The advantages of the hiring hall are that it provides ready access to a permanent resident pool of construction skills in any given locality. It does obviate the need for a company to develop its own personnel department or manpower department. The disadvantage is, of course, that the hiring process is left in the hands of the union, and the company eventually loses control over this function.

I think some of the recent public reports, particularly the Cliche Commission, do illustrate some of the abuses which tend to result from this.

**Senator Barrow:** Are these hiring halls for all trades or just certain trades?

**Mr. Durocher:** The majority of the construction trade unions do operate hiring halls in most parts of the country.

**Senator Hicks:** When you say they operate hiring halls, does that mean that if you are looking for different trades you have to go to different hiring halls?

**Mr. Durocher:** The hiring halls are usually operated by each individual union. We have approximately 14 or 15 international unions operating in the construction industry. Each one operates its own hiring hall.

**Senator Barrow:** How would you propose to replace hiring halls? Would it be done by Canada manpower centres, for example?

**Mr. de Puyjalon:** That question is really philosophical as well as practical. George Durocher referred to the opportunities there are for abuse in the hiring halls. It might be interesting to trace a short history of this. I have observed to many members of our industry, coast to coast, that it used to be that tradesmen worked for contractors and therefore there was a loyalty and an interest in the achievement of the firm. The tradesmen recognized the need for the employer to succeed in his particular enterprise so that there could be a continuity of employment both for the employer and employee. In the years since the end of the second world war particularly, the trade unions have gained so much strength that, in fact, there has been a shift of loyalty and of interest to the trade union rather than to the employer. It is important to understand that dimension.

Therefore, the tradesman now owes all of his loyalty not to a particular firm or a particular project but to a trade union which will, through the operation of a hiring hall, an employment system which is called a hiring hall—a term which I detest, keep finding him employment as circumstances make that possible.

That situation arose as a result of employers, without fully understanding what was going on, bargaining away this kind of loyalty which, to me, is a dimension which

somehow must be retained at least in part if we are to get back to the productivity and kind of stability of employment essential in our industry.

In this sense our industry is unlike any other. People work on projects. They do not work for firms. They travel from project to project.

So we need an effective employment system in the construction industry and we need one which breeds loyalty to the firm which will be in business, hopefully, for many years as well as to the individual's craft.

The problem with hiring halls, as we see it, is that they are entirely union administered. The more you understand the operation of the trade union movement, the more you understand the need for the loyalty to the craft, to the local and to the trade, in a provincial-national sense. Regrettably, too often, as has been divulged in the Cliche Commission, that dimension is then used for purposes other than the obvious best interests of the working man, which, of course, then results in a decrease in productivity, an increase in price which in return results in an abandonment of investment plans because project begin costing too much—a phenomenon that we are beginning to see today—and this results in unemployment, disaffection and social disorder. That is a very quick summary.

The solution in my view really is not the abandonment or the destruction of hiring halls as such; it lies in its improvement. There are several alternatives. One, of course, is to take what appears to be the obvious way and to say that we will let Canada Manpower centres deal with all of the employment, placement, training, et cetera for the industry. And really I am not comfortable with that view. I say that for a number of reasons, not the least of which is that as a former public servant for a number of years I have come away with the firm conviction that every opportunity must be sought by governments to have the subsidiary units in our society, the private sector in this case, do a better job for itself rather than have government become the omnipotent force which is seldom as responsive as the needs of the private sector would demand. Consequently, what I would suggest for discussion and for thinking over by your committee and by the Department of Manpower is rather that we look for opportunities not to do by government but to have done by the private sector, to stimulate, to suggest, to guide, to fund, to support but not to do, because the private sector can better do these things than a government agency can. This certainly applies in the construction industry. So what I am really suggesting is that the Department of Manpower and Immigration should address itself to the idea that it ought to look at the hiring hall—and let us scurb that term and use the expression "employment system"—in the construction industry as managed by both labour and management so that we can restore some of the interests and the loyalties and harmony and the balance and the commonality of approach that is so lacking in our industry. What I am suggesting is rather radically different from what exists today. It is the obvious solution that one might arrive at in terms of saying, "Well, let us have the Canada Manpower Centre do the whole thing." I have some serious reservations about that, and I think a large part of the problem with the employment service is in fact the dimension that management has not discharged its responsibility over the years. In other words, management and labour should be running the employment system for the construction industry jointly and it should not be run unilaterally by the trade unions.



**The Acting Chairman:** I wonder if Mr. Costello would care to add to that.

**Mr. Costello:** This is rather a specialized question on which I would like to defer to my colleagues. Perhaps I could ask Mr. Ashby if he would like to comment on that and then perhaps Mr. Ames.

**Mr. Noel G. Ashby, Vice-President, Industrial Relations, Hudson Bay Mining and Smelting Company:** Mr. Chairman, there is some merit in what has been mentioned by the construction industry. However, in the mining industry we are not at a stage where we worry too much about how we find people. For us the question is where do you find them, or where are they available? I assume from the remarks made that people are available to the construction industry and, therefore, they can be selective in the way they go about getting these people. Unfortunately, in our industry we cannot find the people. They just do not seem to be available.

From my company's point of view, and in our western operations mainly, the people we need just do not seem to be there, and in addition the mobility of young people today makes it almost impossible to retain employees when we do find them. They just do not want to stay. So our problem is one of being unable to locate people; and consequently we will use any reputable source at hand to get these people. Our problem is one of shortage, rather than determining the medium of how we go about hiring people.

**The Acting Chairman:** You do not have hiring hall problems at all?

**Mr. Ashby:** No.

**The Acting Chairman:** You do not use hiring halls?

**Mr. Ashby:** No. As I am aware, we have no problem of this kind. The other gentlemen from the mining industry may have different views on this.

**Senator Neiman:** I wonder, then, if we could stay with the hiring hall practices for a moment and deal with that and then move on.

**Mr. de Puyjalon:** It is rather peculiar to the construction industry and things like stevedoring and longshoring.

**Senator Barrow:** Do you really think that that is a solution to the problem, that employers could get together with unions to solve this problem or is it just wishful thinking?

**Mr. de Puyjalon:** If it is not, senator, then I have been wasting a lot of my time in the last two years. Let us address ourselves to that question for a moment. The hiring hall seems to be only one dimension of the problem that seems to be preoccupying more and more people these days. Here I am including the Minister of Labour who is setting up his national council on labour relations on which we have been asked to serve. What we have been trying to do in the construction industry over the past two years is to get back to the basic elements of labour, peace and understanding in the construction industry. Now, I am sure you have observed that we have not met with unmitigated success—That is in the last two years, and it is not going to be a successful venture in the next two either. But, we have now to lay the groundwork. What we are now aiming for in the construction industry on a number of fronts is this type of labour-management co-operation and

continuing involvement not only at the time we confront each other across the table in collective bargaining as is the situation right now in Ontario, Alberta and Manitoba, but it is the work that you do and the understandings that you arrive at in between. The situation in the construction industry in terms of labour relations has reached such a point, in my view, that we have to seek every imaginative opportunity to effect some change, and do it quickly. The area of hiring halls is representative of the area in which we must go to work. Obviously the hiring hall is a major element in the trade unions' continuing strength which they must have, and, of course, we have to approach it diplomatically, imaginatively and sensitively in order that they may understand we are not out to bust the unions but rather to make the industry operate more effectively. We have to do that on quite a number of fronts. So I would suggest that if we had, perhaps, gone down another road 20 or 25 years ago, as an industry, we would not now be facing the two and a half million construction man-days lost in 1974 as a result of labour disputes. This is roughly one-third of the national total while our labour force is only 650,000 compared to 10 million in the Canadian labour force. That gives you an idea of the dimension of our problem and the urgency of it. It is important in another sense because the construction industry produces about \$28 billion of work a year. This is almost 20 per cent of the gross national product. So our performance, if it is good, has a tremendously beneficial effect on the economy. But I should add that if it is bad, then it has a tremendously destructive effect on the economy. To put in the humorous way, "We tend to spread the pox very quickly in one direction or the other." So, to answer your question as succinctly and as briefly as possible, we must address ourselves now to what may appear to be idealistic, but really that is the dimension that has been lost in our industry. A little bit of idealism can go a long way, senator, even in the business community.

**Senator Barrow:** The Cliche Inquiry has centred around the province of Quebec—and here I should add that perhaps you may not want to answer this question—but do you think the same conditions exist in other provinces?

**Mr. de Puyjalon:** I have been asked that question by the press in my recent tour out west. I think the elements or the potential for similar conditions are there, but the degree of the situation, by no means. But, the potential for it is there. There are gentlemen here from our affiliate in Montreal, and I am sure they have their own views on that. Perhaps I can express my views and they are free and have the privilege of contradicting me. We have the situation in Quebec where we have moved from an era of relatively free bargaining—mind you there are so many influences working in Quebec that is hard to extract one and deal with that in any kind of intelligent and balanced way—to an era of the decree, of highly structured legislated solutions, and now we are on our third experience, our third round, I guess, and it is obvious that through much of the legislative steps we have had confrontations. We have had what I call unmitigated economic disasters. The losses to the province are measured in billions of dollars, in terms of lost investment, lost production.

There again is an element which strengthens the conviction I referred to earlier that an increase in government interference and intervention, increased legislation of problems of that kind in the private sector, is clearly not the answer. Obviously you have to look for answers in another direction. That may be more difficult, not so



admirably clean as is a piece of legislation but perhaps in the long run more socially responsible and more economically effective. I am convinced of that. Perhaps Mr. Langlois or Mr. Dagenais would like to add some comments.

**Mr. Jean-Pierre Langlois, The Construction Association of Montreal:** What is the situation in Quebec and is it the same situation outside Quebec? I do not know. I cannot tell you.

**Senator Barrow:** I did not ask you if it was. I asked you if you thought it was.

**Mr. Durocher:** I think Mr. de Puyjalon has already answered the question.

**Senator Neiman:** I have a supplementary. I was interested in a couple of points you made, Mr. de Puyjalon. I think you said on the one hand that the industry had over the years been partly responsible, maybe largely responsible, for this unfortunate situation and that you bargained away certain rights, advantages or positions that you formerly had. On the other hand, you also made the point that you do not feel that government intervention, say, at the level of CMC, is the answer. I would agree with you in this particular situation. I do now think there is much we can do there at the moment. But you still want government assistance in trying to resolve this problem, so then the question is, how far do you want government to impose its views to assist you, and how can government do it without appearing to be assisting only the association and not work against the unions.

**Mr. de Puyjalon:** It is the latter complication that would be disastrous. What I am really talking about is that the government should not be attempting to do it. Let me go back over that one. In these discussions and I always find this very intriguing, we are becoming more and more in all these discussions, whether in the Senate committee or in the House of Commons committee or in debate in the house, the item that is not identified, that underlying item, the bottom line of the discussions is what is the real role of government in our society, in 1975. I would like to see some day a committee of the Senate or of the House of Commons or a joint committee would address itself to that in a serious way. I say that because, in the minds of all people what I am suggesting is an answer to that, as far as we are concerned. That is, to create the environment, the opportunities, the mechanism for labour and management to begin to solve their own problems. Unless we move to that very quickly, the solutions imposed are advocated by government, and eventually passed into legislation because of the unwillingness or inability of the parties to come together on the solutions—will in fact be the kinds of things that will weigh down government, destroy its credibility. We are beginning to see that happening in various areas of our system. I am very concerned that that is what is happening in some provinces and in some sectors of the economy which are facing this very difficult sort of question.

The answer does not lie down that road obviously, because we cannot afford to jeopardize the institutions that maintain some kind of social balance. So we must put the problem back to where the problem originated and where it has to be resolved. That is a different view of the role of government, not as doers but as creators of a policy and environment and available mechanism, perhaps a pool of expertise—because governments have tremendous resources available to deal with those policy questions in a

research sense. The construction industry has 80,000 contractors from coast to coast. It is an admirable challenge to bring unity to a group as disparate and as entrepreneurial as 80,000 contractors.

The other question—which I think bears a little discussion for a moment—is that the construction management—and you referred to their bargaining away of the employment system—in terms of labour relations, has only begun to organize itself in the past five or six years. Indeed, we are still going through the throes of organization in provincial construction labour relations associations in two provinces. The first of these associations was only organized in 1969 and 1970 in British Columbia. In the preceding 70 years there have been opportunities but, while the trade unions organized themselves in the late 1890s or early 1900s, management has remained essentially disorganized, until 1970. It is still only in the early stage of organization. So it should not be surprising that we have bargained away things without really understanding the implications.

**Senator Neiman:** Do you believe that you can bargain your way back, to a degree that it could be acceptable, back to the position where you say that perhaps management and unions could operate together, hiring halls on a joint basis? Do you believe you yourself can do that without government intervention, at either the provincial or the federal level?

**Mr. de Puyjalon:** Without intervention—yes, I believe it could be done. Without co-operation—no, it would be impossible. Let me answer your question in this way. There are many trade union leaders in the construction industry today who are as concerned as I am. The problem then is to organize that concern in terms of construction management. There are many company presidents in the construction industry who share my concern, for obvious reasons. The problem is to organize that side of the industry. We have made some considerable progress in that latter stage, and we are working to assist the trade union leaders of the major trades to share our conception of the problem as an industry—not the management side, not the trade union side of the problem, because to me they are really indivisible. If management does not work, the labour force does not work. If the labour force is not productive, management is not competitive and, therefore, it does not work. It is a vicious circle.

We have begun to try to help the trade union leaders to arrive at a perception of the problem as we have arrived, or are in process of arriving at it. By and large, the majority of them, being intelligent people, are responsible enough to see that we have come to a watershed. I think that is a fair statement and an accurate statement in respect of the construction industry.

How do we begin to solve the problem? It is in this regard that I have made suggestions to the Minister of Manpower and Immigration and to the Minister of Labour as to how we might go about it. And I am pleased to see that in a national sense that is precisely the thrust the minister is now taking.

I am also pleased to see that perhaps we are a year ahead of that thrust in the construction industry.

**Senator Barrow:** I do not want to carry this around too much, but there was one other point raised, that is, in connection with the union organization of hiring halls and

the question of the Unemployment Insurance Commission. Would you care to make a few comments on that?

**Mr. Durocher:** According to unemployment insurance policy, tradesmen or persons registered with hiring halls—when this is part of the compulsory employment process in any part of the country—are exempted from having to engage in the Active Job Search Program. They are also exempted from having to register with Canada Manpower. The principal problem which arises from this lack of registration with Canada Manpower is that when you try to recruit tradesmen from different parts of the country you find that Canada Manpower is not plugged in to the available labour market. Their clearance system in our industry is not working as we understand it should be working. We distinguish between the policy of not making them subject to the active job search program and the registration with Canada Manpower.

**Senator Hicks:** Excuse me, but that is not clear to me. You say on the one hand that they are not required to register with Canada Manpower. How can you on the other hand expect Canada Manpower to have an overview of the labour situation relating to that particular trade then?

**Mr. Durocher:** This is our point, senator.

**Senator Hicks:** Except that you expressed it as if this was rather a disappointment on your part with Canada Manpower centres. I say so long as you agree to the arrangement, these people either cannot or shall not be required to register with Canada Manpower centres. You cannot criticize Canada Manpower centres on that basis.

**Mr. Durocher:** We do not agree that this is a proper policy, senator. With respect to registration with Canada Manpower, we believe that all persons except those who are unemployed as a result of sickness, pregnancy or definite short-term unemployment should be required to register with Canada Manpower.

**Senator Hicks:** Even though their immediate employment may be more likely controlled by the so-called hiring hall?

**Mr. Durocher:** Yes.

**Senator Hicks:** I see.

**Senator Neiman:** Are you saying that this is Manpower policy or is this part of your hiring hall agreements?

**Mr. Durocher:** No, this is unemployment insurance commission policy, as we understand it.

**Senator Barrow:** How do these figures of unemployed get into the statistics if they are not registered with Canada Manpower?

**Mr. de Puyjalon:** Unemployment statistics are not in Canada, as is the case in the U.K., the result of actual registrations of unemployed. Rather, they are made on the basis of a 30,000 statistical sampling conducted across Canada periodically. It is a much different approach.

It seems to me that one of the difficulties we have laboured under for some years is the absence of a closer integration of the unemployment insurance program—and I stress “insurance.” It has now become a novel dimension of the whole program and the Manpower placement service. What I am really saying is that we must have a thrust towards an employment program. The incentives have to be towards employment and the consequence of that then

means far closer integration between the insurance part and the active employment part. The insurance part should become clearly secondary. It should become the temporary bridge, which was its original intention.

We seem to have departed from that. In the creation and in the division of these two functions some years ago as a policy decision, we seemed to have created some problems which we have to address ourselves to now. I suppose what I am really suggesting, is that, if we were starting anew, *tabula rasa*, to create an employment or unemployment solving mechanism, surely we would set up an employment force aimed at that as the priority thrust with a supportive insurance program—both integrated—with the total operating on a sound bottom line basis.

I realize that is far from the current reality.

**The Acting Chairman:** Perhaps we could have some reaction to that from the other side.

**Mr. Costello:** I would ask Mr. Redden to comment on that.

**Mr. A. T. Redden, Director of Manpower Planning, Noranda Mines Ltd.:** I would certainly agree that the requirement for government help needed by the mining industry is of a type that is outside the broad scope in which the department now operates. In the mining industry we have, as I see it, three areas of concern: first, the availability of people, particularly trades people whom we cannot find; second, the turnover rate which is associated with the skilled and semi-skilled type of employee; and third, the retention rate of those whom we have.

I think there is a different type of problem and a different type of assistance required to resolve each one of those problems. For instance, we have found through manpower studies that the best way to retain employees in northern mining communities is through housing. Yet, we cannot get housing money. Quite frequently, the economics of a mine will not support the types and quantities of housing needed to handle our manpower requirements. As a result of the lack of housing, we have a high turnover among those people who are not provided with adequate housing.

**The Acting Chairman:** How does that relate to unemployment insurance?

**Mr. Redden:** Perhaps Mr. Ashby could address himself to the tie-in in that respect.

**Mr. Ashby:** Honourable senators, getting back to the question of incentives being placed on “to work” rather than on “not to work,” the mining industry suffers terribly from the lack of workers. If there were some incentives to work we might not be in this situation.

I think it can be expressed in a very short sentence: “There are attractive alternatives to work today.” We are suffering from that. Therefore, if something could be achieved to make work the No. 1 priority on an individual’s list, we could then have as a secondary priority, in the event that work is not obtainable, some assistance. That would bring us back to some form of reality, some normal situation in which we could get a grasp on things.

Again, of course, this is an example of a question pertaining to the construction industry which I am attempting to answer from the mining industry point of view. The industries are entirely different. Most of our industry is, for want of a better word, in remote areas. The areas are really not that remote today, but they are referred to as



remote areas, and because of that we cannot find people. Obviously, the unemployment insurance commission policy today harms this. It does not make people available to us. The No. 1 thing often on an individual's list, or in his mind is not to work. It is how he can live and, if possible, not work. I suspect that is true. We must try to overcome that feeling.

The mining industry agrees with the construction industry that ways and means have to be found to give people the desire to work, rather than the desire not to work.

**Mr. Costello:** In terms of incentives, Mr. Chairman, it might be interesting to note the position of the industry with respect to average wages and salaries. In the May 30 edition of INFOMAT, which is a weekly bulletin published by Statistics Canada, it is reported that the mining industry's average weekly wage earnings in March of 1975 were \$270.15. That is the highest of any industry in Canada. It is higher even than the construction industry, and that is for the first time in many years. We have normally been second to the construction industry. Wage rates in the mining industry are now doubling somewhere in the order of every five years, and the rate at which wages are doubling is decreasing. So the economic incentive is certainly there, and perhaps Mr. Ames who is in Thompson, Manitoba, might like to add to what has been said.

**Senator Hicks:** I think the witness said something he did not intend to say. Or perhaps I have misinterpreted what he said. He said that the wage rates in the mining industry were doubling every five years but that the rate at which they were doubling was decreasing.

**Mr. Costello:** I meant the time span is decreasing.

**Mr. Ames:** I would support Mr. Ashby 100 per cent. The alternative to employment should not be unemployment insurance. I think that sums it up.

**The Acting Chairman:** Now, honourable senators, we have Mr. William Hamilton from the Canadian Federation of Agriculture and he is accompanied by Mr. Jerry McGuigan and Mrs. Bursa, and I understand Mr. Hamilton has a brief statement to make. Now, I am in your hands. Should we hear from Mr. Hamilton and then address questions to all three groups, or should we leave the agricultural aspect until later? When we have common questions about mobility programs and training programs it probably would be to our advantage to address them to all three. But, as I said, I am in your hands.

**Senator Barrow:** Could I finish with the mining industry and ask another one or two questions? Then perhaps there are questions relating to training and so on which would apply to all three groups.

**The Acting Chairman:** All right, and then after that we will hear from Mr. Hamilton.

**Senator Barrow:** In connection with the study made by your association, it seems that the biggest problem is the problem of turnover of labour in the mining industry.

**Mr. Ashby:** Yes.

**Senator Barrow:** Are there any other problems that you have studied in the same way that you have studied the problem of turnover?

**Mr. Costello:** Our attention to this subject has been, I regret to say, relatively recent because the industry is

primarily technically oriented, and the purpose of initiating the study was to attempt to document for ourselves the dimensions of this problem. Turnover seems to be, of course, the most pressing problem because theoretically if you can eliminate turnover, and if the people selected in the first instance are suitable to the industry, then you would have solved the problem.

What we have endeavoured to do and will continue to do, and in fact are doing in co-operation with other departments and agencies of government, is to try to find ways in which turnover can be reduced now that we have identified the dimensions of it. We are trying to find out what practical steps can be taken to reduce the problem. Where does the responsibility lie for taking these steps—is it a governmental responsibility primarily, or is it something that the industry should be doing, or is it something that labour unions should be doing, or is it a combined responsibility? Now to try to answer your question more precisely, senator, we are at the point of getting into a further examination and refining of our information.

**Senator Barrow:** I see in your brief that there was discussion of the change in character of the work force and the problems you face because of this changed relationship. Could you tell us what the employers think about these changed attitudes? Are they related particularly to younger workers, or is it a problem of the work force as a whole?

**Mr. Costello:** I think it is both. What the industry has to deal with, of course, is the current changing social reality where alternative life styles, alternatives to spending 40 years with one firm and the dominance of the retirement scheme in one's thinking, no longer has the same place that it had some years ago. Our work force is now coming to consist of people who are better educated and whose expectations are higher than they were a generation ago, and as has been pointed out many times, our industry, unlike other industries, has to mine where nature has deposited minerals. Often these are in areas which are remote and unattractive; it is difficult and expensive to retain people in these areas or to attract people to them. Given the change in characteristics of the work force—people coming into these areas are younger and better educated and have higher material and social expectations—the industry is addressing itself to the question of how their expectations can be met, and it is an extremely vexing problem and we do not have the answer to it.

This is what we are seeking in co-operation with other bodies and with the unions. How do you retain a young married couple where perhaps the wife is well educated and has interests which cannot be satisfied in a particular community? No matter how well her husband is paid, if she is unhappy because she is bored or because the community is remote and its social and cultural facilities are not extensive, then you are going to have a rapid turnover. Again, it is a question of economics. Mineral prices are determined by and large on the international market where we have to try to meet competition within that open framework. Yet, we have to have the work force to produce these minerals at internationally competitive costs. Perhaps some of these other gentlemen who deal with the problem on a day-to-day basis will have something to add.

**Mr. de Puyjalon:** I understand what my colleagues from the mining industry are saying, but really it seems to me that what we are now talking about is a problem that did emerge in the briefs which we respectively put in on the



question of immigration policy, and the problem as we see it—and it is really not a problem but more of an opportunity than a problem—is that we have created in Canada a very wealthy society. The consequence is that in the process of creating that we have also created an educational system which is the world's most expensive which does not necessarily mean that it is the best. But we might suspect that it is nearly one of the best in terms of the level of education. As a consequence, we have created both by wealth and by education a level of expectation. These are not to be denied. We have to learn to live with them. The consequence of that of course is that if we are going to continue to do the jobs that need to be done, and I presume we are, then we are going to have to gear our immigration policy and our resources—our resource inputs and resource additions—to carry on these tasks that Canada chooses to carry on. We have made this point in our brief on immigration policy because we rely very heavily on immigration. After all, the mines that are operating in the far north have, in many instances, if not in most, facilities that have been built by the construction industry and there we have similar problems in getting tradesmen to go north. We too have had to rely on work permits, and in fact we have had to go so far in many instances as to send the company representatives overseas to recruit tradesmen. Now this raises other questions. One is the effectiveness of our overall program. The question now being raised is one that calls for us to realize and to understand the type of society we live in and to understand its imperatives if we are going to continue in certain lines of economic activity. I think that was very well put by either the chairman or the deputy chairman of the Economic Council in their recent address. Precisely that observation was made. The sooner we come to grips with that, then the sooner we can respond in terms of national development.

**The Acting Chairman:** I will now call on Mr. Hamilton to make his presentation.

**Mr. William Hamilton, Associate Executive Secretary, the Canadian Federation of Agriculture:** Thank you, Mr. Chairman and honourable senators. I have a short paper, and I think the easiest way is to read most of it and then we will be in a position to answer any questions that you may ask.

The Canadian Federation of Agriculture appreciates this opportunity to meet with your committee to discuss manpower resourcing in agriculture as an aspect of your overall examination of manpower services of the Department of Manpower and Immigration.

We have provided your committee with two reports on the farm labour situation, one a December, 1973 report based on a national survey of the farm labour situation including farmer views of the situation and their appraisal of Manpower services, and the other a report of a national seminar held on the subject and which included federal and provincial officials. We will be pleased to amplify and discuss with the committee the conclusions and recommendations in those reports, and also to share with you other views which we know farmers to have of the farm labour situation.

To put the need for farm labour into perspective, a few figures. Agricultural employment—that is, including farm operators, unpaid family help, and hired help—amounts to roughly 500,000 people. Actually due to seasonal variation the total is about one-third higher at the summer peak than at the winter minimum.

The hired portion of the farm labour force averages about 100,000 per year, with a low of about 65,000—70,000 in the winter, and a high of about 140,000 to 150,000 in the summer. Of the total number of farms reported in the 1971 (366,000) census roughly 19,000 of them employed permanent farm workers to a total of about 38,000 permanent year-round employees—2 per farm. The remainder of hired workers—that is part-time workers, is therefore in the neighbourhood of 100,000 to 110,000 at the peak season. That is when we talk of seasonal requirements.

Even with some 35,000 to 40,000 permanent farm workers, which it is now, this is not to say that that represents the total need. Undoubtedly many farmers could and would use permanent help if they could acquire the kind of help which would be suitable. The matter of quantifying the need is one of the needs of the industry, and the manpower services.

Staffing of Canadian farms is an issue of considerable concern to the farm community and I trust the rest of society. The problem of acquiring and keeping an adequate supply of well-trained and experienced farm help has been a critical issue for some years and getting progressively more difficult. Farmers have urged for years the development of the necessary programs to provide them with a supply of trained manpower and although there have been various programs and policies, recruitment, training, etcetera, the problem of available manpower has become progressively more acute, particularly on livestock farms where daily care and service is essential. It was to get a better perspective on the real nature of the situation, and the farmers experience with various programs which had been set up to cope with the need, that the Canadian Federation of Agriculture and Dairy Farmers of Canada undertook the national program of a survey and seminar referred to.

It is obvious of course that a prime requisite to improving the farm labour situation is for the industry to be able to afford to attract and maintain the numbers, and quality of staff required. However, even assuming an adequate, stable and secure income to the farm sector, there are obviously a number of requirements which would have to be met to improve the availability, recruitment, training and suitability of the farm labour force. The report of the seminar offered a number of recommendations which infer the observations and conclusions drawn from the survey and the seminar discussions.

These recommendations—and you have had them—speak about matters of improving the communication about the potential and advantages of farm employment, methods of improving farm worker security—this is a real issue; then, standards of employment. In this connection, I can advise you that the most recent CFA annual meeting adopted a set of farm labour standards, which is attached. This has subsequently been referred for the consideration of the provinces in development of farm labour codes or standards. This is the first time that has been done by the farm industry.

Then we make recommendations on consideration of the requirements to ensure that public facilities to assist with housing are readily available for farm workers. This is an area that calls to be looked at. We then make recommendations on improved employer-employee relations; and on improved means of meeting seasonal manpower needs. We speak of improved and extended farm worker training programs.

With regard to immigration and the recruitment of workers for agriculture, our suggestion is that the workers should be recruited who are more definitely suited for taking up precisely defined jobs, than has heretofore been the case.

With regard to research—the recommendation called for improved research by the Manpower Department so that the farm labour need could be more precisely defined—both now, and looking to the future when there may well be innovations and technology requiring quite different skills and training than are presently available through training programs.

With regard to the labour question, it has been noted that you have permanent farm workers and seasonal workers, and obviously different kinds of programs are needed to isolate the two.

Regarding the facilities to meet this need by the industry through provincial programs and Canada Manpower services, our survey indicated that where there was a regional official on the job, for example in some of the working areas in British Columbia, the Canada Manpower services were doing a reasonably effective job. Wherever there was not any such close liaison there was no such progress made—and probably I am putting it in a kindly way.

With regard to assistance for the recruitment of permanent farm help, particularly for livestock, grain or general farming, Manpower services were considered of little help. By Manpower services I mean the Canada Manpower Centres. A number of observations were offered, the essence of which were that the kind of employees required were not available through Manpower offices, the result being that farmers, on the whole, felt that the Canada Manpower Centres were of little or no use. In fact, our impression generally was that Manpower Centres were not looked to by either farmers, or workers looking for permanent farm work.

Let us add that since that survey was done and those reports were made, we have a new program introduced, the farm labour pools. There were 34 in operation last year and there are 54 this year I understand. These farm labour pools are under the direction of the local agricultural manpower boards, who have the responsibility of co-ordinating and recruiting, consulting, providing for liaison between farmers and workers and in fact doing some pooling of payments and doing some of the actual book work as it were, between the farmer and the employee. Our experience has been that these farm labour pools have been found to be very useful in the experiments of last year. Our organization in the provinces, reflecting on the experience of last year, looked on them as a useful tool in making Manpower services much more effective to the agricultural community.

I shall not read the next paragraph, which simply defines the role of the agricultural manpower committee and the structure in a federal-provincial way, keeping on top of the farm labour problems in the provinces as experienced by the Department of Agriculture and the Manpower services federally.

There is a paragraph referring to training, which is one of the functions of the federal-provincial committees. The training programs are developed, as you are aware, at the provincial level and the federal services purchases so many training places at the provincial level. The provincial agricultural manpower committees recommend the priority training needs in their provinces and various programs

are mounted and through the regular adult occupational training program of the department. The number of courses has been increased remarkably from two some 30 or 40 years ago to some 200 different courses last year and with about 20,000 persons participating.

That is the top of the last page and that is all I will read. The farm labour pools—as this institution grows and develops we look to them to being very useful in providing inventories of the needs in the area of the training requirements in that area and therefore the mounting of more definitive programs. Farmers continue to look for assistance with the development of different types of training programs for apprenticeship and training of different kinds. In our experience there has been a good deal of agreement from the department to work with various experimental programs. On the other side, much more precise job descriptions must be developed and training courses mounted to satisfy specialists' needs.

Reference is made there to the use of the Caribbean and Mexican agreements to supplement the Canadian work force in times of high seasonal requirements. Note is also made of the other programs that are offered by the Department of Manpower student exchanges, et cetera. In summary, then, Mr. Chairman, the farm community requires additional numbers of better trained farm workers, and while farmers themselves must take some responsibility for improving the work environment through such up-to-date employer-employee relations, housing and fringe benefits, the fact is that farm incomes are going to have to be such as to allow for a staffing program—improved in both numbers and quality. The manpower centres program as it operated was found of little or no use to farmers. The farm labour pools program because of its local nature and because it is directed by local people offers improved opportunity for tailoring the programs to the needs of the community.

The farm organizations are ready and willing to play a meaningful role in program development both in terms of delineation of job requirements, training program requirements and improve opportunities for workers to find security in farm employment.

There is a need, however, for more adequate research as to numbers required and to keeping abreast of emerging needs. Farmers through their organizations are prepared to participate in provincial and national committees to assist planners and policymakers to work in constant communication with the farm work environment.

I will leave it at that, Mr. Chairman. I would be prepared to answer any questions now.

**The Acting Chairman:** Honourable senators, Mr. Hamilton has given a resumé of his presentation. Is it agreed that the presentation be appended to today's proceedings?

**Hon. Senators:** Agreed.

**The Acting Chairman:** Honourable senators, we have with us today representatives of three industries, the construction industry, the mining industry and the agricultural industry—each quite different from the other, each operating under different conditions and circumstances, each with different needs and requirements. Our purpose as a committee is to extract from them as much information as we can about manpower policies and procedures generally and in particular about placement policies and procedures, job information centres and manpower pro-



grams, mobility programs, training programs, et cetera. I would suggest that as time is now getting short, when we raise questions on any one of these topics, we might get the reaction of each industry before proceeding to the next question. Is that agreed?

**Hon. senators:** Agreed.

**Senator Barrow:** There are one or two questions we might ask Mr. Hamilton and then we could proceed to the other industries.

In connection with all these programs offered to agricultural workers, federal-provincial agricultural agreements, Canada farm labour pools and agriculture for young Canadians and other programs, have you any comment in connection with any one of these programs? Are they all serving a useful purpose or should any of them be discontinued?

**Mr. Hamilton:** The Canada Agriculture Manpower Committee involves the federal government services and the provincial services both. It is responsible for general co-ordination. Specifically, the Canada manpower agreements provided for the kind of training programs required, but that is as defined by the provinces so that that element is worked out in the agreements.

We have no reason to know that the kind of programs provided are not those requested and considered useful. Most of the training programs referred to there, most of the 20,000 places taken, are for people who are in farming. They are not really for training programs for people to come into the industry. They are farm management training courses, or specialist-farmers courses. These are useful programs. There is a continual thrust for developing experimental approaches. The Department of Manpower is apparently quite agreeable to looking at experimentation.

In fact, there is a new project just underway to take on some different kinds of programs such as apprenticeship programs.

Another element of the Canada manpower agreements is a housing provision for social workers particularly. Mr. McGuigan, who represents the Ontario Fruit and Vegetable Growers Association, may speak to that later.

There has been a good deal of discussion about increasing the amount of grants and assistance available for housing of social workers. This is a problem area. There is interest in increasing the contributions from the federal level to that program. I might also note that only three of the provinces in the country actually use it. That may reflect on its usefulness, as you have suggested.

We have no particular reading of the other programs such as the program for students. The general comments made about student programs are that they are all very well, except that students are not available for many of the harvest jobs which happen to come along after classes have reopened. Also, there is little point in having one class of workers available for part of the season and then having to go and find others for the last half of the season.

In general, these programs are useful. Certainly, the international exchange programs are considered useful where the majority of students turn out to assist with seasonal jobs. It is particularly true with respect to the Prairie farms.

**Senator Barrow:** Have you any comments concerning the make-up of the local agricultural manpower boards?

**Mr. Hamilton:** Yes, Mr. Chairman. The boards include representatives of the local communities, of the provincial agricultural service, the farm organizations in the area or in the province. The manager of the local Canada manpower centre is on the board. In general it has a provincial-federal presence as well as local community people and farmers directly involved in the community.

**Senator Barrow:** Do you think the needs of the employer and employee are both being met by these boards?

**Mr. Hamilton:** Well, last year was the first year for the program and some of the boards started rather late in the year. There would be different experiences, therefore. On the whole the reading seems to indicate that the involvement of the local communities and the local farmers directly is certainly a useful way of pinpointing needs and facilitating the knowing of what is required and who is available.

With respect to employees, the manpower pools prescribe certain standards, hours and wages. There are actual contracts made and in that sense there is an opportunity for better employer-employee relations than has been the case in the past.

**Senator Barrow:** No doubt all of the groups here have benefitted from the mobility program of CMC. Has this program met the needs of the various industries? Do you make use of it as much as you should?

**The Acting Chairman:** Would you like to start off on that, Mr. de Puyjalon?

**Mr. de Puyjalon:** All right, Mr. Chairman. I should like to bring to your attention a slight problem we have this morning in that two of my colleagues with me this morning are francophones, and they might find it a little easier to express themselves in their mother tongue. Sometimes I do, so I hope that that is acceptable. I presume there is a translator here who, if we get ahead of the understanding, could offer an instant translation.

**The Acting Chairman:** I am sorry, we are unable to get a translation system this morning because this room is not equipped. The other committee rooms are in use. Our committee was scheduled for another room but we had to change this morning and that puts us at a disadvantage. I am afraid we don't have any translators available.

**Mr. de Puyjalon:** Perhaps I can offer an instant translation, if necessary. I did not mean to compound the problem; I was trying to solve it. I am sure in any event Mr. Durocher has some observations on this program and then we could have Mr. Langlois come back to the question of the employment system in Quebec which, I think, ought to be part of the record of this discussion.

**Mr. Durocher:** On the Manpower Mobility Program, senator, the construction industry, until recently, has made very limited use of it. Until recently it was not available for short-term assignments or for short-term employment in remote areas. Even with the most recent amendments to this Program, according to my information, there is still very limited use being made of it but discussions are under way with officials at the Department of Manpower to try to tune it more finely to the needs of the construction industry, and these discussions are in the early stages at this time.

**Mr. de Puyjalon:** I would add something that needs to be said here, Mr. Chairman, if I may. It has been my experi-



ence over the past two and a half years in my present office that the officials of the Department—and here we are not trying to improve our relationship because I should say that it has been good and they have made tremendous efforts to understand the construction industry and to assist it in a coast-to-coast sense. I should add this observation that because of the structure of the industry, there are very few resources in the department which are of course familiar or tuned in to the needs of the construction industry. Nevertheless they have made very considerable efforts to begin to reach some solutions to our problems. Perhaps now I could turn to Mr. Langlois to deal with this other matter.

**Mr. Langlois:** Mr. Chairman, I would like to pinpoint the Quebec situation as being slightly different from that in the rest of the country. I have to say that because of that special situation the type of solution to the placement problem that the Canadian Construction Association was referring to as a labour-management placement system cannot be phased for the province of Quebec. We have reached the point where the lack of law enforcement, the violence and the union control over job sites, workmen and employers, were such that we had to agree with the Cliche recommendation to give, not to the government as such, but to what they call the Quebec Construction Office—a para-governmental office—to give them the hiring function. The Cliche commission relates this recommendation to the fact that the Quebec construction workers need better employment security and a centralized placement office would be an instrument to use to reach that objective of job security. In other words, if we multiply the manpower resources, we cannot reach that objective because we have to know exactly who will get the jobs and if they are the guys who are supposed to get the jobs. So this is their recommendation and our organization is in favour of it. This does not mean that there cannot be future co-operation between that office and, perhaps, government offices such as the CMC's for example.

Here I would like to say a word about the UIC system. Mr. Durocher referred to agreements made between the UIC and some unions outside of Quebec where through the collective agreements the employer has to take his man from the union hiring hall. In the province of Quebec no employer, according to the law, has to recruit through the union hiring hall. But even with this system of theoretical freedom to use the union hall or not, the UIC has not signed any agreement with any Quebec unions. But still they did not apply their Active Job Search Program to the Quebec construction worker when he was registered in a union hiring hall. It has been less a question of action on the part of the UIC than a question of lack of action. In other words they more or less recognize in Quebec the same thing that they officially signed outside of Quebec. This is something we have been discussing with them for several months now—almost a year—to convince them to stop that thing and to put every construction worker on the same active job search program to which any manufacturing industry worker would be subjected.

On this mobility aspect, the CMCs are used by perhaps five or ten per cent of the construction workers in Quebec for finding jobs, and those are probably in the non-urban communities. It also applies to the general trades and not to the mechanical trades. In the mechanical trades, pipefitters, electricians, millwrights, boiler-makers, the union hall has a real, authentic monopoly over placement, and it is the only place where you can get one of those tradesman, even if in the law it is not supposed to be that way.

**The Acting Chairman:** What you are saying is that the Unemployment Insurance Commission has exempted the workers in Quebec from registering with Manpower even though there is no express agreement for doing so and no agreement binding them to do so.

**Mr. Langlois:** That is so, and they have accepted the idea that if the workman is registered at the hiring hall it is just like as if he was registered at the CMC at least for the first eight weeks.

**Senator Hicks:** You have said that you think, and one of the other speakers has said that he thinks, that these employees should be registered at the Canada Manpower Centre the same as employees or workers available in any other industry. If this were done would it provoke opposition from the unions and bring about further disharmony in the labour situation in the construction industry in Quebec?

**Mr. Langlois:** This is what we said. Of course, all the discussions with the UIC were before the Cliche report was published. Now they arrive with a completely new system, and a new solution which we did not think of before. In our brief to the Cliche commission we said to give placement either to the government office—and we did not say either the Quebec Manpower Centre or the Canada Manpower because we did not want to start a fuss over that—or to the CIC, the Construction Industry Commission, which is an industrial joint committee, if the CIC can be reformed.

Now the Cliche report brings out something completely different; they say let us get rid of the CIC completely and let us replace it by a government office which would be called the Quebec Construction Office, and let us give the job of placement to that office.

**Senator Hicks:** But that would still keep them from being registered at the Canada Manpower Centres.

**Mr. Langlois:** Yes. Let us say that it would bring a completely new dimension to the problem. The place that the CIC should occupy in the Quebec construction industry for the future is still to be found and still to be discussed.

**Senator Neiman:** I would like to get something clarified here. First of all, I gathered from what you just said that the CIC is an organization that has been operational for some time, and apparently not too successful. I would like some more comment on that, in the sense of why you think it has not been successful. Obviously it operates by both management and the unions.

The other point you are making about the law in Quebec now saying that you do not have to hire tradesmen through a union hall but in fact you did. You did not go any other way. What was the position regarding the hiring halls?

**Mr. Dagenais:** The unions have a monopoly only in certain trades, in the mechanical trades. In the general trades they do not have a monopoly on placement and they do not have a monopoly on membership because of the fact that—say the carpenters—some of our employees belong to the CSD and some belong to the SDM and some belong to QFL. The QFL cannot exercise a monopoly over the placement of carpenters.

**Mr. de Puyjalon:** They are not three unions, they are three union groupings. That is a unique feature.

**Senator Neiman:** So the employers in fact could if possible choose between these groupings and move outside the union hall?

**Mr. de Puyjalon:** That is the theory.

**Senator Neiman:** But what really happens is that you run into trouble then?

**Mr. Langlois:** In practice, yes.

**Senator Neiman:** Is this a source of irritation? Do they think that the management is acting in bad faith and try to move outside the union agreement?

**Mr. Langlois:** No, senator.

**Senator Neiman:** Is that part of the problem with the CIC?

**Mr. Dagenais:** The employers can take their men from any source they want—the Quebec Manpower Centres, the hiring hall or any other source. So we say that in theory, the employers are free to use any of those, but in practice, we become so stuck with the hiring hall.

**Senator Neiman:** You bargained away the right that the law gave you otherwise.

**Mr. Langlois:** No.

**Mr. Durocher:** No.

**Mr. de Puyjalon:** No.

**Mr. Langlois:** The fact is that if you do not take a man through a hiring hall you won't be able to get the man, because all the tradesmen are members of this union. So if you want to get a man you have pretty well to refer to a union hiring hall, because of the Union's control over its corporate membership.

**Mr. Costello:** If I might add a comment on that point it is this: construction costs are extremely important to the mining industry. We have reached a stage now where it is almost impossible for us to predict what these costs are going to be. One of our member companies testified before the Cliche Commission, and in the course of their testimony, it was brought out that they commenced a project in northeastern Quebec in 1970 which was to have cost \$350 million. Partly through strikes, illegal strikes, through five fires, three of which were attributable to arson, the project will now be completed in 1976 at a cost of \$700 million. I suspect that that company will not be enthusiastic about repeating the experience.

More recently, the president of Noranda Mines, speaking on the subject of construction costs, indicated that major projects now cost approximately twice what they did three years ago and they are escalating at such a rate that feasibility studies are practically meaningless. Obviously that situation will lead to chaos.

**Senator Barrow:** Is this the fault of labour? Are you attributing these additional costs to labour, or is it the general economic condition that accounts for this?

**Mr. Costello:** We are attributing a very significant portion of the cost to rising labour costs.

**Mr. de Puyjalon:** The spokesman for the mining association—on my right—was referring to a particular project. That is not one of the prime pages in the annals of labour relations in the construction industry of this country. The

observation of Mr. Langlois at the beginning made reference to the Quebec situation as a "particular" situation. He went on to say, if I noted him correctly, that the criminal elements—the damages, the arson, the lawlessness, had brought them to the point where there was no alternative but legislation and the enforcement of the legislation. I come back to the earlier question: Is there a potential for this situation elsewhere in the country? There is always a potential, unless we begin to solve the problems which lead to it, which created the problem referred to on my right and which then resulted, in my observation, that billions of dollars have been lost in industrial productivity and investment and there is likely to be an additional cost.

**The Acting Chairman:** I am not quite clear to what extent you attribute that problem to the hiring hall practices. Is the hiring hall practice the root of the problem?

**Mr. de Puyjalon:** I do not think it is the root of the problem. It is one dimension that led to the problem becoming much worse, because the hiring hall system itself has been used in such a way by certain trade union leaders so as to get an iron-fisted grip on the industry, for whatever purposes they had in mind or have in mind currently—but that is the subject of another discussion.

**The Acting Chairman:** Can you identify other factors, apart from the hiring hall?

**Mr. de Puyjalon:** some of the other factors are the fact that we have a particular grouping, an array of trade union organizations in Quebec which is unique to Quebec. This is not commonplace elsewhere in the country. We have had, in my view, and I know that this view is not shared unanimously in the industry, we have had to resort to legislation both as to structure and as to settlements. The consequences of the structural arrangement, the consequences of the attitude of some trade union leaders, using the term very loosely, the consequence of rapid inflation, the consequence of legislating a solution or attempting to do so—have all come together to a point where we very clearly are in a very serious bind. What I was suggesting in my earlier observations was that we have to go down a road which seems to have escaped us 20 or 25 years ago. The hiring hall is only one dimension of this whole situation. As I said in my opening remarks, I am not advocating the dismemberment or destruction of the hiring hall, because it is a unique element in trade loyalty. There has to be a possibility of leading the trade unionists in a constructive way, in a foresighted way. Of course, you have to have elements which build those loyalties and the employment system is one of those elements.

I do not think that the employment situation should have become the crucial element that it is in building trade loyalties. There are greater fundamental strengths there than we are given cause to believe. What I am really saying is that we have to change the employment system so that the loyalty is to continued employment, more effective productivity and a better product. That requires equal participation of management and labour.

**The Acting Chairman:** Speaking as a representative of management, where do you think management has failed in this equation?

**Mr. de Puyjalon:** You are asking me to bear my breast here, senator. In a broad sense, the business community has accepted too readily a drift in a direction rather than to have organized itself to chart a course.



When I use the term "industry" I do not mean the management side; I mean the whole complex, the financial, human and labour aspects of it. Too few of us have given any thought to the directions we were taking in those terms. We have accepted the confrontational arrangement in our North American society too readily, and the results are there for everyone to see. Obviously, we are going to have to come to another understanding, another way of doing things.

**Mr. Costello:** I would agree almost totally with Mr. de Puyjalon. The business community has been singularly absent in foresight. If you look at the European situation, certainly with regard to strikes and labour conditions, it contrasts sharply with conditions in Canada. Obviously there are basic underlying differences, but I suspect that in many ways they handle their management-labour problems more intelligently and in a more enlightened fashion than we do. We have been slow to realize this. We have not taken advantage of the experience that is there, and the longer we delay in doing so the more costly it is going to be for us.

Clearly we are pricing ourselves out of markets. Our industries are becoming chaotic in many respects. We have accepted too readily, as Mr. de Puyjalon said, certain directions without questioning where these ultimately lead and whether we can afford to have the whole variety of programs which the government has set in place.

Industry has not looked at them critically enough in terms of cost-benefit analyses. Now that the problem is so acute, we are beginning to do so, but we will have to pay dearly for those lost years.

**Senator Barrow:** To what extent does the mining industry use mobility programs?

**Mr. Lorne M. Ames, Superintendent, Personnel & Industrial Relations, The International Nickel Company of Canada:** Speaking only from my own company's experience. I should say that we hire over 50 per cent of our employees away from the mining industry. Quite a few do arrive on their own initiative in the mining community and we can employ them right at that time. Of the more than 50 per cent we hire across Canada, literally from Vancouver Island to Newfoundland, we use the Canada manpower physical facilities extensively—almost solely. Of the 50 per cent of our employees who are hired far outside our mine area, about 50 per cent of them qualify for mobility assistance, which is of real help to the individual who is being relocated.

We attract employees to the manpower centres across the country through advertisements which we place in the newspapers referring the prospective applicant to the Canada manpower centre. When he arrives, he is scheduled for an interview with our recruiter. Subsequently, the rest of the hiring process is completed.

Therefore, I feel very strongly that these Manpower services are essential for our company. Without them I just don't know how we could do our recruiting.

**Senator Barrow:** Does the mining industry as a whole, or your company in particular, give any assistance to these people in transferring them from one place to another?

**Mr. Ames:** No, we do not.

**Senator Barrow:** The mining industry as a whole does not do that?

**Mr. Ames:** I believe there are individual mines which provide some assistance.

**Senator Barrow:** If you want to hire miners in Cape Breton and bring them up to Sudbury, what do you do?

**Mr. Ames:** I should qualify my previous answer. We provide some assistance if the individual does not qualify for Canada manpower assistance, but it is considerably less. We will reimburse him for his travel expenses after a period of time, after he has demonstrated his permanency with us. We will provide some assistance to relocate his furniture, but it is a relatively modest amount compared to what is available through the manpower mobility program.

**Senator Hicks:** You say about 50 per cent of your recruitment takes place in areas other than the location of the mine concerned?

**Mr. Ames:** Yes.

**Senator Hicks:** You thought that half of those qualified for mobility assistance under the manpower program.

**Mr. Ames:** Yes.

**Senator Hicks:** Do these employees work out satisfactorily or do you have a lot of cases where you move someone from Vancouver or Newfoundland to Sudbury and he stays only a week or two and then disappears?

**Mr. Ames:** When we look at the type of individual who remains with us, that is who has characteristics of a permanent employee—and that is the individual we try hard to select—those characteristics are such things as follows: He tends to be married, to have a heavier responsibility towards his family, as opposed to being single; he is probably from an industrial background with previous work experience; he has probably demonstrated a stable record of employment; he is probably desirous of purchasing a home; he is probably from a rural background or small town setting as opposed to an urban centre; he is probably a doer rather than an individual who must be entertained. The community offers him activities in which people like to become involved, but relatively few activities are offered to persons who would like to sit back and be entertained by them.

This is the kind of person who has demonstrated his stability with us. If assistance is given to this type of individual, he is relatively stable. He is much more stable than a single person who may or may not have had assistance.

**Senator Hicks:** Your experience, in any event, has not been particularly bad with this class of employee.

**Mr. Ames:** Our experience, relative to other industries, is probably bad in terms of the number, or length of retention, or turnover on an average basis. The numbers are not good. They are high. But when we analyse those numbers in this particular group you are referring to, it is relatively stable; it is much more stable than the other group.

**Senator Neiman:** Are you looking to the government or to any arm of the government for assistance in other ways, such as with housing, in your area of Thompson? Would this make a measureable difference?

**Mr. Ames:** Housing is a serious problem in Thompson at this time. That has not always been the case, but right now it is critical. The price of homes across the country is high. It is difficult for an employee to save enough money to



purchase a home. In addition, we have a shortage of housing available for employees, even if they had the money. I am not sure of this, but I believe Central Mortgage and Housing money should be available or at least more liberally spent in Thompson. There is a serious problem there.

**Senator Neiman:** I wonder if the mining industry and farming industry have come forward with their own plan for housing in the sense that they feel they know how best housing could be provided through their own initiative and with the assistance of different government levels. Have you come forward with a positive plan yourself?

**Mr. Costello:** That is a topic to which we are giving extensive consideration. Housing is a critical issue. We are attempting on a national basis to define types of actions to be taken in our communities to retain people. In terms of housing, more and more companies are reluctant to get into the housing business because the capital outlay is huge. Companies rightly say that they are in the mining business; they are not in the real estate business. There is also the aspect that employees dislike living in a company town. It is bad for them psychologically. They feel they never get away from the company. The company almost owns the bed they sleep on. They work for the company and they sleep in a company house and that is undesirable. One of the things we have to look at so far as housing is concerned is the question of coming up with better housing, that is to say housing better suited to northern and remote areas where mines are found. This is particularly important for women and children.

The wife of one of our company presidents takes a great deal of interest in this and she believes that one should never build a two-bedroom house in a remote community if that is what one would require in, say, suburban Toronto. Because in a northern community your children will be inside much more as a result of the climate and if you just have adequate space for a southern climate, then obviously there are going to be strains and tensions develop between parents and children which would not develop if the housing was more practically designed for the particular area. That is st one comment. Companies have definitely moved away from the idea of the company town, and so it comes back to a fundamental question of government policy with respect to northern and remote developments.

Mining is one the few viable industries in this country which serve as a base for developing such areas, and if northern and remote development is still a policy of the government, then we think that they must set in motion certain programs and offer inducements, perhaps as Australia dory where they have a differentiated income tax system. Australia has three taxation zones, and according to the remoteness of the place where your habitation is, you are assessed a differentiated income tax rate. We think there is a whole variety of imaginative policies including a differentiation in the work week and holidays and other things which have to be examined. Basically, we are trying to obtain from government a clarification as to whether they are still committed to developing the north.

**Senator Neiman:** Your problems are essentially different because you are talking of isolated areas where there are non-renewable resources, whereas the farming community is at least more or less in the centre of things and it is to be hoped that it is dealing with renewable resources. So when you are talking of trying to bring people into northern communities, we also have to think in terms of what else there is there to develop, or else changing our concepts

and accepting the idea that whatever is there is only temporary and may only last 50 years or 75 years. So you have to think in different terms entirely, both in terms of providing manpower sources for the area and also the type of activity you are going to carry on and the type of housing that is to be provided.

**Mr. Costello:** This is a feature of our industry which we not only recognize but which we emphasize in our contacts with government, and one alternative which is being considered is that of having larger communities, rather than having a particular mine develop its own residential community, and having people operate out from those larger communities by being bused out and back. That again has other associated problems.

**Senator Hicks:** But that means that you must develop communities that are not dependent solely on the mine. I was surprised when you stated that your association was made up of members operating mines that had been running from a minimum of two years to a maximum of 74. If the average is somewhere in between those, then if you expect an employee to try to finance a house when he can look ahead and say, "This will be of no use to my children or even to me in my declining years," it becomes a very difficult problem.

**Mr. Costello:** But that is not to say, senator, that that is the life of the mine. The life of the mine depends upon a great many things. As mining technology improves, ore of a lower grade can be mined, and as prices rise and productivity increases, the life of the mine can be extended. In that respect, I do not suppose that the industry is that much different from, say, textile towns which might have faded out, but you are correct in saying that this is a real consideration in the minds of many people and for the industry. Where there is a marginal ore body and the life of the mine may be very limited, then clearly companies are not inclined to put in the expensive infrastructure of housing and attempt to induce people to come and buy in an area where they know the life expectancy of the community is going to be very short.

**Senator Neiman:** Perhaps Mr. Hamilton might like to comment on that.

**Mr. Hamilton:** There are two questions, of course, in the farm community. There is the question of housing for permanent workers and that has its own kind of problems. Dr. Bursa will elaborate on that. Then there is the question of accommodation for seasonal workers which is a major sort of problem which was discussed a year or so ago. The point I want to make about that is that one of the advantages of these local agricultural Manpower boards in these farm labour pool areas is that one of the responsibilities they have is to ensure adequate accommodation that meets certain standards that are acceptable to both employers and employees. That is part of the contract that is entered into.

Having said that, there is some development in that area. Perhaps at this stage Dr. Bursa would like to comment on the question of permanent housing for farm workers and some of the problems that have arisen.

**Dr. M. Bursa, Senior Economist, Canadian Federation of Agriculture:** Well, Mr. Chairman, in the inquiry we made in 1973 there were frequent complaints by the farmers that we talked to about the difficulty of providing housing accommodation for permanent farm workers and temporary farm workers. The subject came up again at the

national seminar held in January, 1974, and the CFA was asked by the attendance at this seminar to take the matter to the Central Mortgage and Housing Corporation which we did. We were encouraged at the time by the establishment of the new Rural and Native Housing Program at CMHC, and it was with that division of the organization that we had our discussions. We found to our disappointment that the Rural and Native Housing Program is expected to be dealing with native problems for the foreseeable future, and that farmers and farm workers were still, let us say, not provided for in this or any other particular policy. We found at CMHC that their reaction was that the problem regarding farm workers was a new one to them and they asked us very specifically to try to get quantification of the problem before they themselves could take it up because they had other pressing problems to deal with. They wanted to know how many permanent farm workers there are, where they are, what sort of money they are earning and what sort of housing is needed for them. This is a research need that still exists because the work has not been done. Until we get to quantify the problem I do not believe that we will be able to carry the situation any further for farmers.

**The Acting Chairman:** While we are on the subject perhaps we should ask Mr. Hamilton or Mr. McQuiggan to give us their experience with the offshore farm workers program and the agriculture for young Canadians program.

**Mr. Hamilton:** I'll ask Mr. McQuiggan to deal with that.

**Mr. J. F. McQuiggan:** Mr. Chairman, I am pleased to comment on this question because it is in my area of work, and being a farmer and also representing a farm organization, I hire many of these people. I have to take you back a little bit to see the changing picture in the fruit and vegetable industry. We have been forced in recent years into a good deal of mechanization, and this mechanization has been made available to us, but it has put us on the horns of a dilemma in that because of mechanization and higher capitalization costs we have had to go into larger sized farms and larger acreages. So we have created a situation where an individual grower has to deal with a larger tonnage of production, and the problem arises where there are some parts of the harvesting and other operations that defy mechanization. So the farmer finds that by mechanizing and becoming larger he has created a labour problem that he did not have before. When he was operating on a smaller scale he had the family help. But now he is in the centre of an industrial situation where he has the equipment to spark the development of a large amount of product but in the final analysis it has to be hand operated. So then he finds he needs a large number of people for a short period of time.

The other aspect of it is that Canada competes in the big league in fruit and vegetables, in that it competes with the United States, Mexico, South Africa and Australia, and even with Europe. This is where we compete in the export market. These countries have a much longer season than we have and they have a professional agricultural labour force, people who work the year round at rather low wages. Nevertheless they are professional agricultural workers and when they are told to pick a certain colour, that is required, or a certain degree of tenderness of a certain degree of quality standards, they perform it. So in Canada we have to compete with an imported product. We have only one basic thing that we can compete with them on and that is our closeness to the market. Because of our close-

ness to the market we can provide a more mature fruit. The fruit reaches what we call the breaking point. It has started to ripen on the tree and the physiological processes are in motion, so that the fruit will go ahead and ripen. Some of that fruit is sent long distances. Sometimes it has not reached that breaking point, so that it arrives on the market a little short of sugar or flavour or tenderness. So we have to compete on a quality basis. This brings about the fact that we need a corps of qualified agricultural people—I underline that they must be qualified agricultural people—who will carry out the requirements of the task. We need persons who will, if it is stated to them in the morning, "We want this sized fruit picked off the tree"—you realize there are various stages on the tree, the tree does not ripen in one day. If you say we want this size, colour and tenderness, this requires people of far more intelligence than most Manpower people would think they required. Therefore we need a basic supply of these qualified agricultural people around which to build our students, our local labour, our housewives and all these programs that are in operation.

One senator asked a question, how do the supplementary programs work? Certainly, as a fruit and vegetable producer, I would say they work well, providing some employment to students or to the person who moves from one part of the country to another, but they work poorly for the farmer, because that is not what we require. What we require is these qualified people willing to work at rather low wages and under difficult conditions. So our plea to the Minister of Manpower and Immigration is that we need a corps of people.

In this present year we are faced with larger unemployment in Canada, so the tendency has been to withdraw this corps and force these other people upon us. We agree that force works, usually, but it is going to work in unexpected ways in the near future. It is going to force the farmer out. Sure, for a temporary period he will be forced to take these people, because he has a crop on the trees and he must take it off. But in the longer run it will force the farmer out.

**The Acting Chairman:** Because of inferior quality?

**Mr. McQuiggan:** Inferior quality.

We are running into another problem.

To give an example, suppose a recruitment officer in Quebec will examine a man critically—and I do not think they do—but suppose he does examine him critically and finds he is strong and healthy, he is in the right age bracket, he is capable of carrying a ladder and climbing a tree. All those qualifications one can determine by examining the outside of a man. But when he arrives, we find out that that man has never worked continuously on a 48-hours in one week basis. He has not the mental capacity to go out and work under difficult conditions for six days of the week. I call him rather disparagingly a "welfare baby." They are people who pick up a dollar or two unloading a truck or cleaning around a construction site. In that way they will manage to live, in our affluent society, and live rather well under those conditions.

We get those people, and they have never worked 48 hours a week on a job. Then of course you compound that into weeks. We need to carry this program out for several weeks. Whereas these agricultural workers form the British West Indies or the Caribbean, that is all they have ever known, that is their life. Nevertheless we can use these supplemental people—and I call the Canadians supplemental—if we have a corps of agricultural workers.



**The Acting Chairman:** Do you find, with the foreign people who come in, that they are better workers and better trained for this kind of work than Canadian people?

**Mr. McGuigan:** It is their life. They come from agricultural countries, not industrial countries. I think we have to agree that Canada is now an industrial country.

**The Acting Chairman:** Would you say that the young Canadian workers program is not functioning very well? Are you building up expertise over the years, or are you getting a new group every year who just come in and work and learn nothing and get no benefit?

**Mr. McGuigan:** It is a new group each time. The students are good. We are quite happy with the students, but they have very definite limitations.

**Senator Hicks:** Since we are talking about the agricultural sector, I have two questions I would like to ask arising out of the last sheet in the submissions, which purports to set out farm labour standards in the Canadian Federation of Agriculture. The first is stipulation (c), that farm labourers be paid at least the minimum wage for the province, excepting where employees are employed on piece work or people who are paid on a special negotiated scale.

You must pay that minimum wage for the workers in the locality. It is not a policy of your federation? That is a matter of compliance with the law. But the next paragraph says:

A specialized minimum wage should be established for agricultural employment.

I would like someone to elucidate on that a little. Do you mean a special minimum wage, lower than the minimum wage generally prevailing in the province concerned?

**Dr. Bursa:** Firstly, the minimum wage is not compulsory for agricultural workers, except in the province of Newfoundland.

**Senator Hicks:** Only in Newfoundland? I did not realize that. You say there ought to be a minimum wage established in agricultural employment. Do you mean something special or a minimum wage generally?

**Mr. Hamilton:** Not necessarily, but it is presumably assumed to be the same, so it could be higher or lower.

**Senator Neiman:** Could you not set that within your own federation?

**Mr. Hamilton:** We ought to be clear that the Federation of Agriculture agreed with this kind of standard, but the fact is that labour legislation is provincially responsible, that is where codes or acts are going to be developed, and it is the view of the national farmers group as we read them.

**The Acting Chairman:** These are recommendations of provincial governments, I take it.

**Senator Hicks:** These are standards set by the Canadian Federation of Agriculture, presumably, for the members.

Moving to the last paragraph, paragraph 4(h), when you deal with the maximum number of hours that should be worked annually, which you set at 2,800 hours, that you allow a worker of 300 days—and I would think you would rarely get more than that because that is six days a week for the 50 weeks—that averages out to nine and one-third hours per day. Would you comment on that and the reason-

ableness of expecting this duration of work in the kind of society we are living in today?

**Mr. McGuigan:** As I recognize these figures, Mr. Chairman, they came largely from submissions made by Ontario during the past two years when Ontario was considering the labour Standards Act. The objective here has been largely by-passed.

In reference to your other question, I would have to disagree with my colleagues here on the labour standards in Ontario. Recently we have had a labour standard law in Ontario which is rather selective in that it only covers people in harvest times, the actual picking of fruit and vegetables or tobacco. But it does not set a standard that has been accepted by all segments of the industry in a practical way.

If a farmer goes to the pool and asks for people through the pool, they will give them to the farmer only on condition that he meets these standards.

**Senator Hicks:** Which roughly equate with the minimum wage rates.

**Mr. McGuigan:** It is a little like our friends in Quebec. We have a standard that is not really a legal standard but it is being adhered to with little objection from the farmers.

**Senator Hicks:** The obvious thought in my mind was that if the agricultural sector of our economy were going to look to Canadian manpower centres for assistance with the labour problems, then whether it likes it or not, it is going to have to compete with the situation prevailing in the given province or area. If you are offering jobs which require normal work loads much higher than the average prevailing ones at a wage rate which is below the recognized minimum wage, it is no wonder you do not get much assistance from Canada manpower centres.

**Mr. McGuigan:** My dairy friends tell me that the situation prevailing now for dairy help is that a man will tell the farmer how much money he is to receive. This can run to, say, \$12,000 a year. On top of that he wants all of his taxes and all of his deductions to be paid by the farmer. Certainly in the dairy industry they are confronted with a situation where they are really paying for their help.

Of course, this is a product which is not imported into Canada except in rare instances. But with food and vegetables competing on the world market, the alternatives Canada has are to import and use cheap labour or to import labour in the form of the product which we freely do. We have little tariff protection.

**Senator Hicks:** I am not unfamiliar with the difficulties. I come from the Annapolis Valley.

**Senator Barrow:** In connection with training programs, can the construction industry tell us what their experience has been?

**Mr. Durocher:** The construction experience with the industrial training program is relatively new. One of the recent amendments to the program is that of allowing associations of employers to become involved in these training programs. This will help substantially to make their application to the construction industry more punctual. If we talk of apprenticeship as part of the industrial training program, of course the Department of Manpower does play a substantial part in funding the apprenticeship programs for the provinces. In one of the earlier submis-



sions to you it was indicated that this accounted for something like 18 per cent of their institutional training budget. The construction industry, of course, is one of the heavier users of the apprenticeship system.

**Senator Barrow:** Do the mining companies have any comments to make with respect to that?

**Mr. Ames:** Again speaking only from my own experience, we are interested in the training program. We believe we have some programs that could be considerably improved and would qualify for Canada manpower assistance. We have none at this time, but we do see a rather important role in providing training for employees.

**The Acting Chairman:** One of the suggestions made by the construction industry in reply to the committee's questionnaire was that employers should have greater input into manpower training programs. Would someone from the construction industry enlarge on that, please?

**Mr. Durocher:** The reason for our suggestion was that our industry encountered problems outside the apprenticeship system when attempts were being made to set up courses for heavy equipment operators, who are not part of the apprenticeship system. In some parts of the country it was found that the trainee coming out of programs developed by the provinces without consultation with the industry was not satisfactory. It took about seven months to prepare a person and when he came on the job his training proved less than satisfactory.

We suggested that construction management and those involved in the industry should be involved in the development of the training syllabus for the skills that the training program is intended to produce.

Our experience with this has been rather good. In the particular case I was referring to, the industry did subsequently have an input into a revised syllabus and the time required was reduced to between five and seven weeks. The people produced by the program were found to be far better equipped to begin the practical application of their training.

**Senator Neiman:** But your dealings were at the provincial level, were they not, Mr. Durocher?

**Mr. Durocher:** Yes, senator. The provincial governments, I understand, have the responsibility for developing the training programs which are then funded by the Department of Manpower and Immigration.

**Senator Barrow:** Do they not have a provincial manpower needs committee?

**Mr. Durocher:** Yes, there is a provincial manpower needs committee. I do not know that they deal particularly with this area. We have only recently had experience with them—I would say within the last year. They are primarily an intergovernmental body.

**Senator Barrow:** But you are not part of that committee at all.

**Mr. Durocher:** No. However, we are attempting to get input into the committees and after discussions with the Department of Manpower and Immigration, which subsequently communicated with them, we now get input from the industrial sector of the economy.

**Senator Barrow:** But you are not members of these committees, so how do you make your input into them?

**Mr. Durocher:** By requesting meetings with them.

**Senator Barrow:** Which you have not had?

**Mr. Durocher:** At the provincial level some of our affiliated associations have had meetings with the provincial manpower needs committees.

**The Acting Chairman:** Has the mining industry any comment on this?

**Mr. Costello:** Generally, the industry does not use these programs extensively. But where they have been used, they have been beneficial and we would like to see them continued and extended, as they are programs to which industry attaches value. The particular importance of the program varies among companies and so my remarks are of rather a general nature. But those companies, and some of them are represented here today, who have had experience with these programs, are satisfied with them and hope that in future years the numbers of people involved will be enlarged. The basic problem for the industry is attracting people. We need all the qualified, skilled, interested people we can get.

**Senator Neiman:** How do you think Manpower can specifically help you as opposed to CMHC?

**Mr. Ashby:** To acquire people, senator. First of all, to become aware of our plight, because in each of our centres we have a Manpower office which can only be effective in its own local area. They offer us their services of communication, et cetera. We want them to be aware of our plight and the second thing is that they should continue their present program of working with us wherever we can work together. We appreciate what they are doing. One thing that occurs to me which has not been mentioned yet today is the fact that the Manpower Centres while not entirely involved with the unemployment are concerned with the unemployed. But the mining industry needs people, and the unemployed individual may not always be the person we want. There are so many limitations placed on the person who is available through Manpower Centres. Primarily he is unemployed, but this does not mean he may suit us. I do not wish to imply that we are being unduly selective, but he probably does not know anything about mining and he may not want to be part of it. We are interested in any service that Manpower can offer us where there are people, and as many people as they can give us who want to come to us and who want to be part of us. We will give Manpower all the information they need to continue to improve their relationship between us, to work together more and to keep communicating with each other. If there is any particular area in Canada which for any reason has a tremendous surplus of people which is available to the mining industry, we would like to know. We will send people down to interview these people. It happened in Shawinigan in November. We went down and interviewed 100-odd people and employed 37 of them. They came up to us over a period of time between December and January, but not one of them is left today. They have all gone back. But this is the kind of problem that Manpower can assist us with and we look to them for such assistance.

**Senator Hicks:** Where did you take them to?

**Mr. Ashby:** Flin Flon, Manitoba.

**Senator Hicks:** And not one of them has stayed?

**Mr. Ashby:** The last one of them, I think, left about a month ago. But this is not bad. I will give you a statistic. In

1974, our Flin Flon mining operation, which comprises nine satellite mines working out of two locations, Flin Flon, Manitoba, and Snow Lake, Manitoba, collectively employed 2,500 people. To keep those 2,500 people in 1974, we hired 1,628 people and we lost 1,690 people. It is simply fantastic!

**Senator Neiman:** What other factors besides housing are involved? I suppose there is the question of inaccessibility and remoteness.

**Mr. Ashby:** In a mining community you have two types of people; the static group—the married families who have been there for years. In our case at Flin Flon we have people who have been there for years, since the 1920s, 1930s and 1940s and they have grown up in the area. That is a static population and they turn over very lightly. Their families have grown and their roots are there. But in each of these operations you have 200, 300 or maybe 400 young people who come and go at a rapid rate. One boy got on the cage to go underground and he looked up and he saw the cable and he said, "Is that what hold us up?" He was told yes, so he took his helmet off and went home. That is the sort of thing that happens. But for three weeks or even six weeks we are grateful.

I would say of the 1,690 that we lost, 1,600 just came and went. Some of them came as often as three times during that year and stayed for three or four weeks and then left again. Their roots are not in the community; they do not own property and they do not want to own property. They want to live in what we call dormitories, although some people call them staff houses. They have good facilities, excellent food at low cost. But employees still turn over at a rapid rate.

**Senator Neiman:** Are these all in the unskilled category?

**Mr. Ashby:** In our operation, we do not suffer too much from a turn over of our skilled people, but that is represented by the 40 or 50-year old man who has been with us for some time.

**Senator Neiman:** That is a unionized group as well, Mr. Ashby, and you do not seem to have the same strike problems that you find in the construction industry.

**Mr. Ashby:** No. You see of this older group that are staying with us we are now losing more and more each year through retirement and attrition. They are being replaced by the younger men who have no long-term roots in mind. They do not want to settle down. You can offer a young man housing and he and his wife might stay for a year or two. At least you hope so. But he does not have the same concept, and he does not want to make that his home town. So we are replacing the static group with mobile young people who come and go at a rapid rate.

**Senator Barrow:** But is this not something that we are going to have to live with?

**Mr. Ashby:** Yes. Some mining companies, as you may be aware and as our spokesman, Mr. Costello, mentioned today, are looking at the possibility of not having any more town sites. The idea is to find the mine and to fly the people in from neighbouring or even from distant towns, fly them in for a period of time, a week or two or three, and then fly them out again. They fly another group in and keep them coming and going. Let them stay in their own home towns where they have roots and not create another

one. The mining industry is going to have to look at this very closely. If the present rate of turn over continues over the next 10 or 15 years, and if the static or stable work force is going to be continually replaced by these young mobile people who have other opportunities and who do not wish to look at things from a long-term point of view, then the mining industry is going to be in a very dire situation. We will just not be able to operate. The answer may be our own mobility program by which we will bring them neighbouring larger cities and fly them in.

**Mr. Costello:** Gulf Minerals recently obtained permission from the Canada Labour Relations Board to operate a unique program on a basis whereby they will not build a townsite—this has to do with a uranium mine in northern Saskatchewan—where the anticipated life of the mine is rather short, something like 10 years—so what they proposed to their workers was that they would work 23 weeks per year; they would work 11 hours a day, 7 days a week and rotate. They would have 23 weeks off with pay 8 weeks' holidays but their total work period would be 23 weeks a year. The program seems to be working well. It is a pilot program. Now this may be something that the industry will have to look to. As Senator Barrow says, mobility is something we will have to learn to live with.

**The Acting Chairman:** Is this problem not even more acute in the far north where they are developing oil and gas? How are they going to work? Are they not faced with the same problems? Is there not a possibility of having long-term contracts?

**Mr. Ashby:** They are taking our people. The Tar Sands have offered a plain, ordinary carpenter \$22,000 a year to go there. We have operations at Whitehorse, Yukon, and there is no problem of turn over. That is to say that people turn over but there is no problem in finding replacements.

**Senator Hicks:** But in the Gulf program you were mentioning the person works nearly 1700 hours a year which is 33 hours a week on the basis of 50 weeks so they are really getting close to the number of hours normally worked.

**Mr. Costello:** Yes, they are.

**Senator Hicks:** The young person employed on a 50-week-a-year basis.

**Mr. Costello:** I believe a number of these hours are to be at premium rates.

**Senator Hicks:** They may get a certain number of extra hours at special rates, so the equivalent in the ordinary case may be even closer to the normal work.

**Mr. Costello:** Yes.

**Senator Barrow:** Most of the employers we talk to say that they use the CMC chiefly for unskilled labour. What other sources do you use to obtain labour, besides Canada Manpower Centres?

**Mr. Redden:** Direct advertising.

**Mr. Ashby:** We use direct advertising, radio, television, schools. We in the mining industry will go right into the schools and talk to students who are in their last year about our industry and try to get some of them when they leave school. We believe in going into higher education.

**Senator Barrow:** Do you do this all across the country or in a certain specific location?



**Mr. Ashby:** I know we do it and I know other mining companies do it, but I could not say that it is all across the country. We certainly do it in localized areas.

**Senator Hicks:** If you do that, you are recruiting students from high school, or is it those who are leaving school at an earlier age?

**Mr. Ashby:** We are interesting them and trying to tell them something about the mining industry, about which there is not much knowledge across Canada.

**Senator Hicks:** Then you are going into the high schools, at the secondary leaving age, and you expect to recruit these as part of your labour force?

**Mr. Ashby:** Some of them. But we try to encourage them to go into higher education in the mining industry.

**Senator Hicks:** So you do hold out some prospects to them of something better than falling into the lowest category of mining?

**Mr. Ashby:** Our professional people are as important to us as others. Our mining engineers are as scarce as they could be.

**Mr. Redden:** We have a number of programs set up in community colleges, high schools, where we talk to counsellors. We bring counsellors into companies and send them out to various mines in the industry, principally to acquaint them with the mining industry and its various operations, and the dimensions that exist within the mining industry. We hope that they then can go back to their students and attract some of them into these technical fields from community colleges, where we can get their services. So we have a very ambitious program that we follow continuously.

**Mr. de Puyjalon:** I might add that we are doing essentially the same thing, that is marketing the industry as a place to make a career in the long term. We do this by way of films, audio-visuals, pamphlets and active speaking programs. We are trying to promote an interest in making a career in the industry. It occurs to me just now how much the world has changed in the short 25 years I have been working.

**Mr. Ashby:** Might I add one interesting statistic? Of 257 employees taken on at Flin Flon in the operation there, 53 per cent of them indicated that they came to us because they heard about it from friends. In other words "word of mouth" was one of our best recruiters. Therefore communicating with the public is very important to us.

**The Acting Chairman:** I understand that in the Shawinigan case you did your own screening, you screened the people you wanted from a larger number.

**Mr. Ashby:** Yes. The Canada Manpower Centre lined up a number of people and we went around and screened them.

**The Acting Chairman:** Most of the employers who appeared before us complained of poor screening on the part of Canada Manpower. I wonder if that was your experience also. I might add that the Canadian Restaurant Association put over the idea of setting up a consultative committee. I wonder what you think of that idea. The idea was to have a technical consultative committee with the counsellors, to make the counsellors more aware of the requirements of the industry so that they could do a better

job of screening. Is there anything like that applicable to you?

**Mr. Costello:** There is. One of our chief functions as the National Association of the mining industry is to upgrade the image of the industry in Canada. The average person has an image of the mining industry which bears little relevance to the reality of the industry. We suffer from a poor image and that is one of the reasons why we have problems attracting people we are endeavouring through publications, films and talks, to overcome this problem and attract more people.

The professional body associated with the industry is the Canadian Institute of Mining and Metallurgy. We work closely with them in developing programs of information for young people to acquaint them with the various skills, trades and professions which can be used in the mining industry and for which there is a need and for which there are lucrative opportunities. This though is going to be a long-term program. I just do not think it is realistic to expect early results. We are in a highly competitive labour market, but we are seeing indications that our program of information is succeeding. Particularly as we take more high school counsellors into mining communities and meet with them and produce current films and show contemporary mining communities we see that the message is getting through, but it is just not getting through quickly enough. We are having to pay for years of neglect, or years when the labour market was quite different from the type of people coming to us now.

The situation has changed rapidly from even a few years ago; it has become highly competitive, and the younger people, particularly, are looking for that elusive thing called an alternative life style, which seems to be found on Yonge Street in Toronto. It is awfully hard to compete with this at times. Young men are attracted to young women and we do not have too many of these in some of our mining communities. This is one of the hard-nosed facts of life. Some companies are becoming very conscious of the need to attract women. They are doing this even to run a number of vehicles, including 100-ton trucks fitted with power steering and so women can do this kind of work. Some companies have had some rather interesting experiences in recruiting women.

**Senator Barrow:** There has been criticism by some employers about the way that CMC counsellors do their work. I think some said that in some centres they did not seem to have any sense of urgency. Do you think this is a widely held view?

**Mr. Costello:** I believe that it is a widely held view. We are currently running a series of radio messages about the mining industry, endeavouring to acquaint Canadians with it. One of the messages deals with employment opportunities in the industry. I was surprised to arrive at my office one morning and receive an urgent telephone call from the local CMC. A lady there said that she had received a lot of inquiries from people who were interested in working in the mines and did not know about any jobs that were open and where she wanted to know they were. I explained to her that this struck me as a surprising statement. I thought, with a national network of offices and an obligation to know what employment opportunities exist in this country, particularly when we have a rising level of unemployment, they should not really be coming to us for this information. Perhaps on this basis I was not surprised why we are not getting some of the people we should be



getting, if the CM Centres are unaware of our needs. Our needs have been repeated endlessly in the press and other publications. It may simply be that Ottawa is not a mining centre and, therefore, the local CMC feels it is not necessary to know much about mining requirements. I tried to explain to this person that I thought the service was national, and that if someone was interested in finding out about employment in mining communities, it would be reasonable for him to expect to be able to go to the Canada manpower centre and be advised of where such opportunities existed.

**Senator Barrow:** Do you have any comments on that, Mr. de Puyjalon?

**Mr. de Puyjalon:** In an organized sense we have not had that response generally. In a disorganized sense, and by that I mean in my travels across the country, I have heard frequently the comment that the CMC tends to lack the dynamism, the drive, the initiative that one would expect from a strictly service-oriented organization, which is perhaps why I suggested obliquely a while ago that we might take a fresh, new look at the orientation, the purpose and the thrust behind the dynamism needed behind this to make it a commercially viable venture.

**Senator Barrow:** Do you have any comments, Mr. Hamilton?

**Mr. Hamilton:** A number of people on the survey made the point that the Canada manpower centres were not the most likely place to find farm workers, particularly permanent farm workers. They said that people looking for jobs did not go to register themselves there because they did not feel it was particularly useful.

Again I come back to the farm labour pools. Having visited one of them and having met the manager I can say that it is a different situation entirely. Particularly with the manpower centre manager being a member of the local board, there is going to be much better communication. But the observation made by our people in the seminar referred to was that they thought the manpower centre people knew everything about the mining and construction requirements, because, it was suggested, they did not know a great deal about what was required for farming. At any rate, the observation has been made that there may be something there.

The kind of relationship we have now through the farm labour pools puts a different complexion on that problem, however.

**Senator Barrow:** As employers, do you feel that the CMC counsellors are more employee-related than they are to employers?

**Mr. Redden:** Generally, we have felt that they are primarily concerned with the number of references they make as opposed to the number of people they place. The emphasis seems to be wrong. That is all.

**Mr. de Puyjalon:** I hesitate to express a view on that, because I understand all too well the public service environment. It is most difficult to run an effective service organization within the public service. Let us be quite blunt about it. It is a tremendous challenge to managers and to deputy ministers and assistant deputy ministers because of the environment in which they are trying to run

a commercially-oriented service—a product. It is almost by definition impossible. You have to understand that dimension before you criticize. Within that dimension I would say their response, their orientation, is down the middle of the road.

But I have some deep reservations about the ability of any service organization within government to be as effective as it really must be to meet our minimum needs, unless it is moved outside the immediate environment of traditional government administration.

**Senator Neiman:** How do your wage rates in the lower, unskilled categories in the mining industry compare to unemployment insurance?

**Mr. Ashby:** Very favourably. Our labour rate now in the industry runs in excess of \$5 an hour. You are talking \$10,000 to \$11,000 a year to dig holes—and not necessarily underground. It could be anywhere. Mining is, after all, only 35 per cent underground. The rest is on the surface.

**Senator Neiman:** You are talking in terms of mobility programs like flying in 100 unemployed people from the Toronto area, for example. There should be some incentive there to make them make the move rather than stay in Toronto, even if you took them in for four weeks at a time. Surely there could be some arrangement where you would have the workers come to you for, say, four weeks, four months or six months, after which you would fly them out again if they did not like it.

**Mr. Ashby:** Once upon a time the rate of unemployment insurance barely kept a person alive. Today people can live on it. In many instances the husband is unemployed and babysits while the wife goes out to work. Between the two of them they make as much or more than he made when he was working.

**Mr. Hamilton:** If I could just add one observation, Mr. Chairman, on the question of training programs and the relationship to the industry, as I indicated earlier, the training programs are mounted in response to requests from provincial agricultural manpower committees, which involves producers or the users of the service in those committees. The committees come together through the national committee. It is highly important that there be industrial participation in those committees.

We have suggested that the producers ought to be involved in the national committee just as they are at the provincial levels, and we are working with the department to see if we cannot effect that kind of relationship.

I want to observe that in spite of the fact that we have not that direct relationship at the national level, we have a very close relationship and the national committee does involve us and invite us to be participants and we have an excellent relationship with the department. I just thought I would like to put that on record.

**The Acting Chairman:** If there are no further questions, I would like to extend on behalf of the committee our thanks to Mr. Costello, Mr. de Puyjalon and Mr. Hamilton and their officials for appearing before us this morning. We appreciate their fine presentations and the assistance which they have given to the committee. Thank you very much.

The committee adjourned.

## APPENDIX "A"

THE CANADIAN FEDERATION OF AGRICULTURE  
STATEMENT TO THE STANDING SENATE COMMITTEE ON NATIONAL FINANCERe: Manpower Service to Agriculture

Mr. Chairman and Honourable Senators:

The Canadian Federation of Agriculture appreciates this opportunity to meet with your Committee to discuss manpower resourcing in agriculture as an aspect of your overall examination of Manpower Services of the Department of Manpower and Immigration.

We have provided your Committee with two reports on the farm labour situation—one a December 1973 report based on a national survey of the farm labour situation including farmer views of the situation and their appraisal of Manpower Services;—the other a report of a National Seminar on the subject. We will be pleased to amplify and discuss with the Committee the conclusions and recommendations in those reports, and also share other views which we know farmers to have of the farm labour situation.

To put the need for farm labour into perspective, a few figures. Agricultural employment, i.e. including farm operators, unpaid family help, and hired help—amounts to roughly 500,000 people. Actually due to seasonal variation the total is about  $\frac{1}{2}$  higher at the summer peak than at the winter minimum.

The hired portion of the farm labour force averages about 100,000 per year, with a low of about 65,000—70,000 in the winter, and a high of about 140,000 to 150,000 in summer. Of the total number of farms reported in the 1971 (366,000) census roughly 19,000 of them employed permanent farm workers to a total of about 38,000 permanent year-round employees. The remainder of hired workers—that is part-time workers, is therefore in the neighbourhood of 100,000 to 110,000 at the peak season.

Even with some 35,000 to 40,000 permanent farm workers this is not to say that that represents the total need. Undoubtedly many farmers could and would use permanent help if they could acquire the kind of help which would be suitable. The matter of quantifying the need is one of the needs of the industry, and the manpower services.

Staffing of Canadian farms is an issue of considerable concern to the farm community. The problem of acquiring and keeping an adequate supply of well-trained and experienced farm help has been a critical issue for some years and getting progressively more difficult. Farmers have urged for years the development of the necessary programs to provide them with a supply of trained manpower and although there have been various programs and policies, (recruitment, training etc.) the problem of available manpower has become progressively more acute, particularly on livestock farms where daily care and service is essential. It was to get a better perspective on the real nature of the situation, and the farmers experience with various programs which had been set up to cope with the need, that the Canadian Federation of Agriculture and Dairy Farmers of Canada undertook the national program of a survey and seminar referred to above.

It is obvious of course that a prime requisite to improving the farm labour situation is for the industry to be able to afford to attract and maintain the numbers, and quality of staff required. However, even assuming an adequate, stable and secure income to the farm sector, there are obviously a number of requirements which would have to

be met to improve the availability, recruitment, training, and suitability of the farm labour force. The report of the Seminar offered a number of recommendations which infer the observations and conclusions drawn from the survey and the seminar discussions. In summary, the recommendations were regarding:

- (1) improving communications about the potential and advantages of farm employment.
- (2) Methods of improving farm worker security.
- (3) standards of employment.

In this connection the most recent C.F.A. Annual Meeting adopted a set of farm labour standards (see attached) and which have subsequently been referred for the consideration of the provinces in development of farm labour codes or standards.

- (4) consideration of the requirements to ensure that public facilities to assist with housing are readily available for farm workers.

- (5) improved employer-employee relations.

- (6) improved means of meeting seasonal manpower needs.

- (7) improved and extended farm worker training programs.

- (8) Immigration—recruitment of workers for agriculture should be more precise as to skills being sought; and

- (9) Research—The recommendation called for improved research by the Manpower Department so that the farm labour need could be more precisely defined—both now, and looking to the future when there may well be innovations and technology requiring quite different skills and training than are presently available through training programs.

Farm labour needs can be generally classified in two broad classes:

- (1) year-round general farm assistance, and
- (2) seasonal labour required for planting and harvesting of fruits and vegetables.

Services to assist meeting the needs are provided by provincial agricultural manpower offices or the Canada Manpower Program. Dealing first with seasonal labour the Canadian Federation of Agriculture survey (December 1973) indicated that as of that date farmers felt that Canada Manpower Services, where there was a regional official on the job to provide liaison between farm needs and available manpower, was reasonably effective in serving the need. Where there was no such direct and close liaison, the service was not considered as useful.

Regarding assistance with the recruitment of permanent farm help, particularly for livestock, grain or general farming, Manpower services were considered of little help. A number of observations were offered, the essence of which were that the kind of employees required were not available through manpower offices, the result being that farmers, on the whole, felt that the Canada Manpower Centres were of little or no use. In fact, our impression



generally was that Manpower Centres were not looked to by either farmers, or workers looking for farm work.

#### *Farm Labour Pools*

As the Committee is aware, the Farm Labour Pools Program, initiated in 1974 as an experimental approach is a new mechanism to serve agriculture. The Farm Labour Pools under the direction of Local Agricultural Manpower Boards (LAMB) have been developed to better organize the agricultural labour market, and provide more stability to the seasonal relief and permanent farm labour situations. The number of Farm Labour Pools has been increased to 54 from 34 last year.

We believe that the Farm Labour Pools, with the possibility for the local community, and the farm organizations, to be involved in the Local Agricultural Manpower Boards, along with the representatives of the Federal-Provincial Agricultural Manpower Committees in the provinces, and other provincial agencies, together with their linkage with the Canada Manpower Centres, are a structure which offers considerable potential for meeting the farm labour needs. The LAMB, by establishing guidelines on wage rates, working conditions, accommodation criteria, and other employer-employee services will be able to bring workers needs and employers needs together, and that together with the delineation of the nature and extent of labour needs in the area, the training needs required for workers to be effective, and the management services of the pools for recruiting counselling and placing of workers, all suggest improved usefulness of manpower services through this mechanism.

Our member organizations reflecting on the experience of the first year with the farm labour pools look to them as a useful tool of making Canada Manpower services much more effective to the agricultural community.

#### *Canada Agricultural Manpower Committee*

The Canada Agricultural Manpower Committee, made up of representatives of the Manpower and Immigration Department with representatives of the provinces is responsible for national coordination of agricultural manpower program development. The work of the Manpower Branch is in effect conducted through a Federal-Provincial Agricultural Manpower Committee in each province which is responsible for coordinating agricultural manpower activities in the provinces. The Committees include representation from the provincial Departments of Agriculture and/or other departments, the Departments of Manpower and Immigration, farm organizations, and others as the Minister of Agriculture in the province may decide. The Federal Department has agreements with the provinces through which the Department shares with the provinces the cost of advertising, and other promotional costs incurred in recruiting agricultural manpower, transportation costs of moving out of area workers to farm areas, costs of constructing or improving housing for seasonal workers, and the salaries and expenses of staff appointed by the province to assist Canada Manpower in recruitment of workers for farm jobs.

#### *Training*

Part of the function of the Federal-Provincial Committees and the Canadian Agricultural Manpower Committee is to review training requirements and make recommendations. Training programs are actually developed at the

provincial level and provided by provincial authorities with the Canada Department buying training places in provincial institutions.

The Provincial Agricultural Manpower Committees recommend the priority training needs of the agriculture in their provinces and various programs are mounted through the regular Adult Occupational Training Programs of the Department. The number of courses offered by Manpower have increased markedly in the last five years to something over 200 different types of courses with the numbers of training places being purchased having increased from about 4,500 five years ago, to over 20,000 last year.

As the Farm Labour Pools progress and prepare good inventories of needs in the area, training programs can be more specifically mounted.

Farmers continue to look for assistance with the development of different types of training programs for apprenticeship, training, and it has been our experience that there has been agreement of the Department to go along with some experimentation.

More precise job descriptions must be developed and training courses mounted to satisfy more specialist development.

#### *Caribbean, Mexican and Other Programs*

In addition to the Departmental services through the regular Manpower service and Farm Labour Pools, the Department provides assistance through the Caribbean seasonal workers program which in 1974 facilitated 5,300 workers assisting with harvest in Canada; the Mexican Seasonal Workers Agreement; and International Student and Youth Agricultural Exchange program through which a number of young people are made available for seasonal employment on Canadian farms (allotment for 1974 was 3,500); and the Canadian-U.S. exchange on tobacco specialists and potato harvesters. In 1974 roughly 500 workers exchanged between the two countries. Additionally there is the Agriculture for Young Canadians Program through which the Federal Government assists the provinces to provide for students to assist on farms during the summer.

In summary then, Mr. Chairman, the farm community requires additional numbers of better trained farm workers; and while farmers themselves must take some responsibility for improving the work environment through such up-to-date employer-employee relations, housing and fringe benefits, the fact is that farm income are going to have to be such as to allow for a staffing program improved in both numbers and quality. The Manpower Centres Program as it operated was found of little or no use to farmers. The Farm Labour Pools program because of its local nature, and because it is directed by local people offers improved opportunity for tailoring the programs to the needs of the community.

The farm organizations, are ready and willing to play a meaningful role in program development—both in terms of delineation of job requirements, training program requirements; and improved opportunities for workers to find security in farm employment.

There is a need, however, for more adequate research as to numbers required, and to keeping abreast of emerging needs. Farmers through their organizations are prepared to participate in provincial and national committees to assist



planners and policy-makers to work in constant communication with the farm work environment.

#### *Farm Labour Standards*

Labour legislation is a provincial responsibility. Nonetheless it has been agreed that the C.F.A. should establish its own national position. The following is C.F.A. policy on farm labour standards:

The agreement between the employer and employee should provide:

- (a) for the maintenance of records of date of commencement; date of termination; rate of pay; hours worked each day and week; gross wage due each week; deductions made each week; cash wages paid for each week.
- (b) that wages are paid regularly to the employee who has earned them, at least every two weeks, together with a written statement showing: period for which wages are being paid; rate of pay, gross amount of pay, deductions and net pay.
- (c) that farm labourers be paid at least the minimum wage for the province, excepting where employees are employed on a "piece" basis who would be paid on specially negotiated scales. A special minimum wage should be established for agricultural employment.
- (d) that there should be equal pay for equal work regardless of sex of the employee.
- (e) that farm employees should be entitled coverage under worker's compensation legislation and continue to be covered by unemployment insurance and the Canada Pension Plan.
- (f) that permanent employees be entitled to two weeks holiday per year with pay.
- (g) that statutory holidays be recognized, with the option of negotiating alternatives with the employees.
- (h) that 2800 hours of work be considered to be the maximum number of hours that should be worked annually. Within this annual limit arrangements should be made with the employee to fit in with variable work requirements during the year, to provide a weekly or monthly hours basis of calculation, if feasible; provide for substitute time off for additional time worked due to variabilities in seasonal and daily scheduling or other agreed scheduling, including hours of work at basic wage, and overtime provisions.















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FIRST SESSION—THIRTIETH PARLIAMENT  
1974-75

THE SENATE OF CANADA  
PROCEEDINGS OF THE  
STANDING SENATE COMMITTEE ON  
**NATIONAL FINANCE**

The Honourable DOUGLAS D. EVERETT, *Chairman*  
The Honourable HERBERT O. SPARROW, *Deputy Chairman*

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Issue No. 26

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WEDNESDAY, JUNE 18, 1975

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**Twenty-First Proceedings**

The examination of the Estimates of the Manpower Division  
of the Department of Manpower and Immigration for the  
fiscal year ending the 31st of March 1975

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(Witnesses: See Minutes of Proceedings)



STANDING SENATE COMMITTEE ON  
NATIONAL FINANCE

The Honourable D. D. Everett, *Chairman*;

The Honourable Herbert O. Sparrow, *Deputy  
Chairman*.

The Honourable Senators:

Barrow, A. I.	Hicks, Henry D.
Benidickson, W. M.	Langlois, L.
Carter, C. W.	Manning, Ernest
Côté, J. P.	Neiman, Joan
Croll, David A.	O'Leary, M. Grattan
Desruisseaux, P.	*Perrault, R. J.
Everett, D. D.	Prowse, J. Harper
*Flynn, Jacques	Robichaud, L. J.
Giguère, Louis de G.	Sparrow, H. O.
Graham, B. Alasdair	Welch F. C.
Grosart, Allister	Yuzyk, P.—(20)

\**Ex officio* members

(Quorum 5)

# Order of Reference

Extract from the Minutes of the Proceedings of the Senate, December 17, 1974:

"Pursuant to the Order of the Day, the Senate resumed the debate on the motion of the Honourable Senator Everett, seconded by the Honourable Senator Cook:

That the Standing Senate Committee on National Finance be authorized to examine in detail and report upon the Estimates of the Manpower Division of the Department of Manpower and Immigration for the fiscal year ending the 31st March, 1975.

After debate, and—

The question being put on the motion, it was—

Resolved in the affirmative."

Robert Fortier,  
*Clerk of the Senate.*



# Minutes of Proceedings

Wednesday, June 18, 1975

Pursuant to adjournment and notice the Standing Senate Committee on National Finance met this day at 9:30 a.m.

*Present:* The Honourable Senators Everett (*Chairman*), Barrow, Benidickson, Carter, Grosart, Hicks, Neiman, Perrault and Robichaud. (9)

*Present but not of the Committee:* The Honourable Senator Thompson.

The Committee resumed its examination of the Estimates of the Manpower Division of the Department of Manpower and Immigration for the fiscal year ending 31st March 1975.

The following witnesses were heard:

Honourable Robert Andras

Minister of Manpower and Immigration

Mr. A. E. Gotlieb

Deputy Minister

Mr. J. L. Manion

Senior Assistant Deputy Minister (Manpower)

Present but not heard by the Committee:

Mr. D. Toupin

Director General, Manpower Client Services Branch

Mr. J. A. Hunter

Director General, Manpower Co-Ordination Branch

Mr. D. W. Findlay

Acting Director General, Manpower Employer Services Branch

Mr. J. P. Lefebvre

Director General, Manpower Training Branch

Mr. P. C. MacKie

Director General, Job Creation Branch

Mr. F. Godbout

Acting Assistant Deputy Minister (Administration)

Mr. D. Doctor

Special Assistant to the Senior ADM (Manpower)

Mr. G. Belisle

Director, Placement Support, Manpower Client Services Branch

Mr. M. Erb

Director, Information Services Branch

Dr. D. R. Campbell

ADM, Strategic Planning and Research Division

*In attendance:* Mr. J. H. M. Cocks, Director of Administration; Mrs. Barbara Reynolds, Research Branch, Library of Parliament; Mrs. Helen Small, Parliamentary Centre.

"Manpower Programs and Poverty" prepared by the Strategic Planning and Evaluation Group on June 16, 1975 was ordered to be printed as Appendix "A" to these Proceedings.

Documents provided by Treasury Board for the Main Estimates 1975-76 were tabled.

At 12:15 p.m. the Committee adjourned at the call of the Chairman.

ATTEST:

Georges A. Coderre,  
*Clerk of the Committee.*

# The Standing Senate Committee on National Finance

## Evidence

Ottawa, Wednesday, June 18, 1975

The Standing Senate Committee on National Finance met this day at 9.30 a.m. to examine in detail and report upon the estimates of the Manpower Division of the Department of Manpower and Immigration for the fiscal year ending March 31, 1975.

**Senator Douglas D. Everett** (*Chairman*) in the Chair.

**The Chairman:** Honourable senators, it is proposed that this be the final meeting on our examination of Canada Manpower. We asked the minister, the Honourable Robert Andras, to appear and wrap up for us the views of his department on the hearings that we have had to date and some of the testimony that has been presented. On my right, as you all know, I have the Honourable Mr. Andras. He is accompanied by Mr. J. L. Manion, who has now become a good friend of ours. On his right is Mr. A. E. Gotlieb, the Deputy Minister.

The minister has a statement he wishes to make to the committee, so with your permission, honourable senators, I will ask him to proceed. Is it agreed?

**Hon. Senators:** Agreed.

**The Chairman:** Mr. Minister.

**The Honourable Robert Andras, Minister of Manpower and Immigration:** Thank you, Mr. Chairman.

During the past four months the members of your committee have certainly devoted a great deal of time and effort in an endeavour to examine the objectives, functions, activities and the results of the activities of the Manpower Division of my department. It is gratifying to me and, I know, to the members of my department, to note your concern with the state of our country's manpower resources. I have been following as closely as possible the deliberations of your committee and I am certainly convinced that the hearings have contributed a great deal to a better understanding of the processes through which Manpower policies and programs are developed and administered. I am most grateful to the committee for having so generously afforded us the opportunity of co-operating with you to the extent possible in this most important undertaking.

Several weeks ago, when I was before you, I stated that we have welcomed this opportunity to take a good look at ourselves. We benefit always from the knowledge of others and the insight and experience of those individuals, groups, agencies and institutions which are concerned with manpower problems and work with us. We certainly realize that our work is not without fault, nor ever will be without fault, and that our programs and services do not always satisfy the enormous variety of—and I emphasize that—variety of human needs which we are attempting to meet. It is very evident that the shades of debate about the

worth and quality of our services are numerous. There are some who see the department primarily as an organization being set up and run for the unemployed, the disadvantaged and disabled. There are others who consider it capable only of matching unskilled workers with similar vacancies. There are those who look on it rather as an uneasy combination of both these things. There are others—and I put myself in this category—who visualize the operation, and the potential operation, of the organization as an infinitely flexible and serviceable instrument which can assist Canadians to achieve greater prosperity and well being through a variety of programs and services within the framework of the government's general social and economic objectives. I really do think that this is being demonstrated by our performance.

At the first hearing, Senator Grosart, as the lead questioner, as I recall, judiciously inquired about the relative financial weight we are according policy answers to manpower problems. The record shows that for the year 1973-74, 63.8 per cent of our total Manpower budget was devoted to Manpower training, developing the potential of our labour force. This has as an objective the development of the potential of our labour force, beneficial to the individual and beneficial to the economy as a whole, to the degree that it works.

In addition, 23.9 per cent of our budget was spent on job creation—again, I remind you, this is 1973-74, the most recent figures—which is offering remunerative and meaningful opportunities aimed at community betterment. This means that 12.3 per cent was left for the employment service, the crucial job of facilitating the matching of people to jobs.

Beginning in 1967, the department emphasized manpower training and job creation. These very important programs may have distracted our attention to a certain degree from our basic employment function, and that fact is reflected in our total expenditures. However, it is equally certain that we must keenly pursue the objectives of the major policy review conducted in 1972, increasing our efforts to meet the needs of employers and workers with an improved employment service.

Senator Grosart was correct in saying that our policy approach to manpower has been rather different from the concepts held by the general public. I think to a degree we still suffer from that, because I do not think the whole story has yet penetrated as to the changes that have been taking place, those changes having been introduced more recently. Those who have implied that we have a poor employment service for the \$750 million spent need to realize that the employment service is only a part of our total manpower policy effort.

I do not hesitate in comparing our performance with that of the private employment agencies. There was a study conducted by Professor Lawrence Fric of the Uni-



versity of Western Ontario, which has revealed that placement counsellors in private agencies produce on the average 42 placements a year. Manpower counsellors produce an average of 150. Although from certain testimonies it would appear that private agencies concentrate on highly skilled accusations and produce more satisfactory results for the employer, the difference in the rate of placement is, I think, of some importance.

No one that I know of has suggested that we shift our priority from the lower to the higher skilled occupations, or that we give less attention to the claimants on unemployment insurance or welfare recipients who are registered with us, and, conversely, more attention to the employed who could meet more fully the employers' needs and expectations. The suggestion has been made—and I think it is quite valid—that we do both, and I agree with that. However, the costs must always be borne in mind, a fact that our critics have in the past been somewhat reluctant to consider. I do not think it is sufficient to say that we could close a few offices and use the money saved to provide a better service at a few key points. The trend in this country has been to serve the people, bringing the service closer to them and personalizing that service as much as possible. While I think I can suggest to you that the real test of the CMC value to the community is the reaction to a suggestion that a centre in a particular town or community be closed, I can assure you that despite shortcomings, which we are correcting, CMCs exist in communities very much by popular consent. Frankly, the weight of the thrust that I get generally is that people in the communities want more rather than less.

Dealing with the Manpower services in particular, there are a lot of changes taking place in the environment in which the department operates. The degree to which women are participating in the work force has increased greatly. A younger and generally better educated work force, somewhat unaware of the experiences of the past generations, is establishing new priorities and new conditions in the work sector. They are not satisfied with the same kind of opportunities or conditions that perhaps we experienced when we were young. These conditions, combined with a fluctuating economy, of which we are all aware, are creating manpower problems for employers, and I am not at all surprised that as a result of that they are looking very critically and sometimes, if I may say so, unrealistically to the department for solutions.

I therefore think that in order to appreciate the employment service we need to have some understanding of many factors, not the least of which is the quality of referrals. That factor has been stressed repeatedly by employers in their desire to obtain qualified persons for the jobs they want filled. We are also committed to this same goal. There is no argument between us on that. All our CMC services and programs, however comprehensive they are becoming, do become inadequate in tight labour markets when the choice of workers is limited. In the light of changing conditions in the labour market the issue becomes: can the high standards of competence and proficiency continue in our service to the people, and to what limits can the employers realistically continue with their demands and their specifications for the jobs they want filled?

I do not think the test of the department's competence in this area can be based on isolated requests from employers for a specific type of worker. Rather, the quality of our referrals will primarily depend on how realistic these

requests are, and how effective the selection program or policies are that have been prepared in anticipation of the employer needs. There is no doubt that collaboration between employers and local CMC management is essential in establishing a better understanding and appreciation of the other's needs and capacities.

Our ability to assume the highest quality of referrals also depends very much upon the competence and number of our worker clients, those people who are looking to us to find them jobs. The less qualified the clients are, the less capable we are going to be in meeting employers' needs. An expansion in the number and quality of our worker clients is not easy to attain, since it involves an improved image in our service, acceptance by the "elite" in each occupational group, and expansion of services for the newer occupational groups that are cropping up from time to time and the simultaneous availability of higher graded job vacancies. We have made considerable efforts in these areas, and I think there has been progress, but I also know that it has been slow and cumulative rather than any dramatic solution being seen at any given moment.

Let me turn to the question of contrasting views of some employers about the quality of our referrals. It is rather interesting and revealing to note the comments made concerning university placements. I quote from the brief of the Montreal Board of Trade, where they say:

The centre for university placement is excellent.

Mr. MacKenzie of the Hudson Bay Company said that they can be rated "good to outstanding". I think Senator Hicks made an observation that the general attitude of Canadian universities is very favourable towards Canada Manpower Centres situated in these communities.

**Senator Robichaud:** Are you talking about university graduates or summer employment?

**Hon. Mr. Andras:** I am talking about the student manpower placement centres that are located on campus, where generally we have received kudos for their operations. The point I am making is that this kudos and commendatory attitude is very gratifying to us. However, it is somewhat puzzling, because our on-campus services are staffed with our regular CMC staff, with the same systems and the same services as we use throughout the country. Actually, we do have a policy of rotating our personnel between, if I may so call them, the two systems, those CMCs on campus dealing with student placement and those CMCs in the rest of the community dealing with the general volume of people looking for jobs. It is not a difference in our people. It is a difference in the style of procedures, processes and programs that generates, on the one hand, this kudos for the effectiveness of the placement service that I have attested to, because they are the same people generally, and they are the same programs and the same processes and procedures. Personnel in the CMCs on campus may have a little more time to do a better job, but I do not think that is necessarily the case. In fact, I make that as a point of argument against it, but I do not think it really is significant. The main difference is in the type and quality of the clients served as well as the nature of the jobs offered. I think that is a very key point when you are considering the criticisms on the one hand of our general programs and the operations of CMCs and those on campus on the other.

In the field of executive and professional occupations, there is no doubt that they could also be well served, and if



so we would probably erase the image that we cater only to the unemployed. We have studied the idea of getting into executive and professional occupational placement, and we have in fact been requesting advice from outside consultants about it. No doubt there is a need for service in that field. It would certainly require a different kind of service. I must say it would be beyond our current level of resources. I would be very interested in the views of this committee, when it comes to its final deliberations and recommendations, in relation to executive and professional operations.

I want to discuss, for a moment, the question of unattractive jobs. We have noted, in presentations to the committee, some references from employers to have CMCs exert pressure on workers to accept jobs, particularly unattractive jobs in terms of wages and working conditions. I do not think in this country we are going to be very successful in forcing workers to accept jobs they do not want, when those jobs are marginal in terms of working conditions, which include, of course, wages. I do think it is the employers' and industries' responsibility to make their jobs sufficiently attractive and to provide necessary incentives that will attract and keep the kinds of workers they are seeking. They also are in competition with their fellow industrialists in the job market.

Also, I would not hesitate to say, we must make certain that workers do not refuse reasonable jobs at the expense of the Unemployment Insurance program or any other public assistance.

Job information centres. The quality of our referrals certainly needs to be continually improved. When we introduced the job information centres about a year or so ago, we expected that during the introductory period some minor inconveniences to employers would accrue.

Increasing Manpower Centres' ability to make speedier referrals was the objective and was inherent in the job information centre concept. It has had in the early stages no doubt—I do not think this was unanticipated by us—some unfavourable effect on the quality of referrals. But I must say that over a period of time our Manpower counsellors are learning to deal with this problem, and there has been a gradual improvement in the referral to placement ratio.

Employers may elect not to have their jobs posted in the job information centre. We are committed to speedier service, the greater openness and the more effective use of our people and programs, which at any given time will be limited.

All those are more possible in the job information centre. But we do agree with the concept that job information centres should not be to the employers' detriment.

Employers can assist us in the improvement of Manpower Centre selection by letting us know, letting our CMCs know at the local level, of a poor quality referral, and by being open and candid with CMCs and our regional directors so that improvements can be made.

I must say, gentlemen, that in examining the testimony given to you by some employers some of their statements and many of the views expressed are, frankly, not in accordance with the facts.

I am concerned that those opinions will have some influence on public discussion and will reinforce views about the problem of our image, about which I have been very

candid with you when I have been before this committee on previous occasions.

So, with your indulgence, Mr. Chairman, and that of the committee, I would propose that my staff be allowed to submit in the next few weeks detailed replies to a number of criticisms which have been presented to the committee. I do not think there will be time today, but if you will permit it, Mr. Chairman, I think it is fair game and in the interests of getting a clear picture.

**The Chairman:** We would like that, Mr. Minister.

**Hon. Mr. Andras:** Examples of those inaccuracies we can give you today, but the details would, I think, be better conveyed to you in the immediate future.

Certainly we recognize our responsibilities to our worker clients and to the public interest. We also realize—it is a matter of great concern to me and to members of the department—that we cannot operate effectively without employer understanding and support. We have to have that, and to the degree that we do not have that, the reaching of our objectives is inhibited.

So over the past several months we have been carefully reviewing our service to employers, trying to find out what changes are necessary and how we can best communicate our concerns and our problems. I think the real effort lies in that latter suggestion of communication with them.

Our top priority with our employment service has been, and will be, to make referrals to employers as quickly as possible while we maintain the best possible pre-screening and counselling of the workers.

We agree there should be in every CMC counsellors or groups of counsellors who are specifically knowledgeable about the employers of that region and their problems. Every employer order received should be the personal responsibility of a counsellor. Those responsible for job orders will be better trained and will visit employers' plants to gain first-hand knowledge of their operations. I must say that the time required for these employer visits has only recently become satisfactorily available—again mainly as a result of the reorganization of Job Information Centres.

Every employer order will be followed up by a counsellor or a supervisor to verify service. If there is difficulty in filling an order, we expect the counsellor to work with that employer to examine the problems, helping him consider the alternatives, of improving the quality of the job, to consider training or, if necessary, to consider recruitment elsewhere in Canada, and finally, if all else fails, to recruit abroad.

So resources permitting—we always have that limitation and we all have to live with those kinds of things—what I call an account executive approach will be used extensively across Canada.

Our Manpower Industrial Training Program, which was established on an integrated basis about a year ago, is being reviewed closely to try to minimize the paper work and red tape involved.

We are overhauling our employer liaison program to improve its quality and effectiveness, and from here on the program will include these kinds or organized contacts: increased orientation visits by Manpower staff; visits by our CMC managers of senior CMC personnel to acquaint employers, especially new employers or employers not using CMC services, with what we can do; visits by

CMC counsellors to the company officers responsible for hiring, to market Manpower clients, solicit job orders, and assess company staff needs present and future.

It will include problem solving discussions by senior and specialized Manpower Centre personnel with individual employers and groups of employers to deal with Manpower problems and broad Manpower planning.

We are also considering ways of permitting employers and unions to participate more fully in the development and management of Manpower programs.

We are examining our advisory committee structure and hope that in the development of the newly launched community employment service we will have a genuine partnership with other agents in the labour market at the local level.

We are certainly exploring ways of improving the discussion and exchange of views at the policy level. I will be making a further announcement about those latter measures in due course.

I would like, gentlemen, to talk a little about the private employment agencies. During the hearings some unfavourable comparisons were made between the effectiveness of our CMCs and private employment agencies, the latter appearing to be more effective in meeting the employers' needs.

But there is a fundamental difference between the private employment agencies and a Canadian public employment service. It has to be borne in mind, and I think it is totally valid, that this difference exists. While private agencies, particularly those run for profit, have only an economic function, Canada Manpower Centre operations are run to provide a basic social and economic service to all Canadians—not selectively, but to all Canadians.

Private agencies stay in business quite legitimately if they provide appropriate service to employers. They compete on their own terms in a concentrated profitable market. They can pick and choose their clients on both sides, whether it is an employer or whether it is employees they want to place. That allows them the freedom that we do not have, and I would not want to have, to turn down applicants not suitable for the employers' exact specifications. We are a public employment service; they are a private employment service. Both have legitimacy. I am not arguing that point. But we are not, and we should not be—allowed to totally pick and choose our clients, the employee clients, people looking for work; and we should not be allowed, except under extreme circumstances of unacceptable working conditions being provided by an employer, to pick the employer as well. We have to serve all comers. Whereas the responsibility of the private agency is to the employer who pays the fee, we have to attempt to help all employers and employees who wish to use the CMC services.

In the field of temporary placement, I am of the opinion that very substantial changes are taking place; 12 per cent of all jobs in the labour market now are of a part-time nature, and this seems to be increasing. Certainly, it warrants a re-examination of our role in this field.

Just as private placement agencies compete with Manpower in the vast field of continuing employment, Manpower, the public service, could enter the growing field of part-time employment. The views of this committee on this important question will be received with great interest.

The question of services to the disadvantaged came up during the course of the committee's hearings. Manpower's broad mandate to provide socio-economic services, which I continue to stress, to all Canadians, imposes upon us a limitation that private placement agencies do not have. Our services cannot be developed, if we are to fulfill our responsibilities without considering the needs of the disadvantaged. We have made serious and very determined efforts since the policy review of 1972 to improve and increase our services to this group of disadvantaged, who are always the hardest hit by unemployment, whether the economy is in a boom or in recession.

During the period to which I have referred, we have been working hard to help the disadvantaged through six particular programs: Basic Job Readiness Training; Outreach; LEAP, the Local Employment Assistance Program; Canada Manpower industrial Training Program; diagnostic services, and the Work Adjustment Training Program. As well, we have been making a determined effort to use our regular programs in greater scope to accommodate the disadvantaged.

With your permission, Mr. Chairman, I should like to table a brief statement. Mr. Baetz, of the Canadian Council on Social Development, made one comment, I am told, to the effect that we expend 1 per cent of our funds on services to the disadvantaged. That is quite incorrect, and the statement I wish to table at this time sets out the true facts. Taking our full budgetary operations for Manpower, the fact of the matter is that we have directed about 50 per cent of our expenditures to individuals whose incomes would indicate that they are at or below the poverty line that the Canadian Council on Social Development itself established as being valid.

With your permission, Mr. Chairman, I will now table this statement. It is my hope that it will be included in your proceedings.

**Senator Hicks:** Mr. Chairman, would the minister please repeat the statement of Mr. Baetz?

**Hon. Mr. Andras:** I am told that Mr. Baetz indicated that in the opinion of the council, of our budgetary expenditures only 1 per cent was devoted to the disadvantaged and people in categories that would be classified as poor in terms of income.

The fact is that about 50 per cent of our budgetary expenditures have been directed to people whose incomes are at or below the poverty line agreed to by the Canadian Council on Social Development.

**Senator Hicks:** They would not necessarily be disadvantaged, then. It depends on the definition of "disadvantaged."

**Hon. Mr. Andras:** As I understand it, he was describing the disadvantaged in terms of income effectiveness, not necessarily physically handicapped.

Just to give you a quick run-through, and without going through all of these charts, the impact of program expenditures on poverty clients—and my understanding is that Mr. Baetz was directing his comments towards the poverty classification—is as follows: the Canada Manpower Training Program budgets amounted to a total of \$369 million, of which 53 per cent, \$196 million was expended on people whose incomes were below the poverty level; the expenditure for industrial training amounted to \$32 million, of which 31 per cent was expended on people in that category.



ry; the expenditure for Outreach was \$5 million, of which 86 per cent was expended on people in that income classification; of the total budget in respect of the mobility program, 41 per cent was expended on people with incomes in that category; 53 per cent of the expenditure in respect of LEAP, the Local Employment Assistance Program, was directed towards that group, and 49 per cent of the expenditure in connection with the Local Initiatives Program.

So, 51 per cent of our expenditures in those categories were in fact directed towards that group.

I table this statement not in adversary, but simply to clear up any possible misunderstanding.

**The Chairman:** Honourable senators, is it agreed that the statement tabled by the minister be printed as an appendix to today's proceedings?

**Hon. Senators:** Agreed.

*(For text of document, see Appendix p. 26:26)*

**Hon. Mr. Andras:** One issue that I detected—certainly its existence has been intimated, although perhaps not explicitly stated, in the employers' presentation to the committee—has been the department's pre-occupation with the apparent priority given to special or hard-to-place groups. There is a contradiction in the points of view expressed to your committee on this point.

In this respect, I must emphasize that our primary responsibility, we fully realize, is to refer competent and qualified workers. However, at the same time it is necessary to set the trend, we think, for erasing irrelevant occupational biases that do exist—and they certainly do—and to facilitate the placement of workers in terms of their own qualifications. This approach is essential to the economic and social rehabilitation of these groups, who may not be able to fit the standard jobs. To a degree, we are saying that in some cases jobs have to be tailored to the people who are available, rather than always trying to tailor the employee, or prospective employee, to the job. The employment potential of these various groups has to be recognized, has to be promoted, and employers, as corporate citizens, I think, have to show a greater interest in hiring these people who are at the fringes. In cold, hard, practical economic or financial terms, we are paying the tab for it anyway, and if we can improve their productivity for their own sakes, it has a beneficial effect on the economy as a whole.

Dealing with Manpower training, our recognition of the importance of Manpower training as an instrument of economic and social policy has been evidenced already by the position it holds in our budget—some 64 per cent. I hope you will agree that our efforts in this area should be continued. Indeed, I think a very major thrust is going to be required to update it to the requirements of the Canadian society, which is dynamic, evolving and proceeding inexorably to requiring increasing skills rather than decreasing skills, and that, in turn, requires increased attention and resources devoted to training.

During these proceedings, witnesses have made various comments on Manpower training, particularly with respect to its relevance to the labour market needs. They were critical of the limits imposed by the Adult Occupational Training Act, and they varied in their opinions as to the emphasis to be placed on the goals of equity, stability and economic growth.

Concurrent with these hearings, officials of my department, in cooperation with officials of other interested departments, embarked on a complete review of the Adult Education Manpower training picture in Canada. That review has not yet been completed, but I expect that the major thrusts of the federal training policy over the next several years should certainly encompass these kinds of changes. We should develop and expand training programs so that more Canadians can have access throughout their lives to the educational training experiences necessary to develop satisfying and productive careers that do meet the changing demands of the labour market, while at the same time providing the skills needed to sustain our economy and our society.

In order to achieve this objective, the volume of training must be expanded rather than contracted. Arbitrary legal and policy restrictions on trainees and the types of training should be removed and that will require revision of the Adult Occupational Training Act. Institutional and industrial training, I think, must become more complementary. This means some changes, particularly in the institutional approach to it. With improved occupational forecasting methods now available—and I believe some of them have been elaborated before this committee—training will be able to adapt more rapidly and effectively to changing needs. We will know better through the improved occupational forecasting method what is needed, not just today, but in the intermediate and longer-term future and we will be able to beam our skilled and general training toward those people with those competences. If training is to be more closely related to the realities of the labour market and the individual's needs, the federal government must be prepared to play a much more aggressive and demanding role in its purchase of training from the provinces. The training allowance system must be integrated or made consistent with other elements of income maintenance. The federal-provincial partnership in manpower training must be and is being strengthened.

Mr. Chairman, I expect that the benefits of this review will answer the criticism of manpower training heard in this forum, some of which I think were valid. In addition, we will have forged further ahead of other industrialized countries than now appears to be the case in this field.

I would like to touch for a minute on job creation. I think there are several points to be made regarding these programs of job creation. You might be interested in knowing of the growing international interest in such programs as Opportunities for Youth, the Local Initiatives Program and the Local Employment Assistance Program and now, more recently the Community Employment Strategy. We have had recent visits from members of the House of Representatives of the United States, from Washington, officials from the Manpower Commission in Britain and the governments of Mexico and Japan and, most certainly, the Australians have shown a great deal of interest. In fact, they have begun to introduce a counterpart of the Local Initiatives Program in their country and are most open in declaring that it is based on the Canadian model. Although this interest is gratifying and our successes to date have been notable, I do not want you to think that the direct job creation approach has been applied to its fullest extent. We have demonstrated the capacity to respond quickly to the seasonal employment needs of Canadians and through the Local employment Assistance Program we are rapidly developing the capacity to establish permanent long-term employment opportunities for those who have the greatest difficulties.



There are a great many things in this country that need to be done and through direct job creation programs as developed thus far it has been amply demonstrated that there are Canadians with the skills, abilities and motivation to do them. As an alternative to other forms of individual social assistance, straight income or transfer payments, these programs involving work activity have been encouraging to me at least and have been quite successful. Most important, I believe, is the direction in which they point, the direction we must take if government is to respond to the economic and social needs of individuals and communities. If these programs are "a pre-configuration of the world of tomorrow" because of their flexibility and adaptability to workers' preferences, their merits, I suggest, extend beyond the immediate problems they are trying to solve.

Federal-provincial co-ordination, co-operation and relations: I do not think there is any other aspect of Manpower policy really as crucial to our effective serving of Canadians and the Canadian economy and society as the co-operation that we have, or can have, or should have, between the federal and provincial governments. I did touch on this subject slightly when I was here before you, but I wish to restate our policy of acting in agreement and of co-ordinating all manpower activities with the provinces. We must certainly continue to strengthen joint developments in manpower planning and every other manpower activity in the federal-provincial Manpower Needs Committees. These committees which, frankly, operate more effectively in some provinces than in others, are still, I believe, the best co-operative mechanism we have for identifying training needs, determining how federal training funds are allocated and laying the groundwork for a co-operative approach to the selection of trainees. Other federal and provincial departments concerned with human welfare and economic growth are involved and provision is made for hearing the views of industry, unions, citizen groups and community associations through these Manpower Needs Committees, which in every province. So, these committees, if they do fulfil their mandate, should be able to overcome many of the jurisdictional arguments which sometimes impede the effectiveness of our programs and cause duplications of effort, misallocation of resources and leave gaps unfilled. I believe that by working together with a great deal of ingenuity we can break through the institutional and financial barriers that remain. I am extremely willing and eager to consider changes in approaches toward Manpower programs, changes in roles and responsibilities and new or modified forms of co-operative mechanisms with the provinces. The only limitation to these changes is that the federal government must not be restricted in fulfilling its duties and responsibilities to all Canadians.

As a national mechanism and a national agency, I believe that Manpower will be increasingly called upon to play a more active role in the lives of the men and women of this country. As skills become obsolete due to technological change, the growing need for retraining workers will be more crucial. Moreover, I think that the changing attitudes, the changing social values and the personal satisfaction people now place ahead of work as an end in itself will continue to exert changes in the world as we know it. It is for that reason that the CMC must become more attuned to the needs of the labour market and to the individual needs of the employers and workers that it is serving. It is only by moving closer to each one of them

that we will be able to serve them efficiently and satisfactorily.

So, sir, the examination of Manpower by this Senate committee has occurred at a crucial time in our history and we welcome the opportunity to take stock of our present situation. I hope this committee and, through them, the Canadian public, will have a better understanding of the difficult and complex mission of the Manpower counsellor and the Manpower Centre in the community. Mr. Chairman, we await with very great interest the report of your committee. Once again, I wish to assure the senators that we will provide them with any information at our disposal that would facilitate the accomplishment of this task.

**The Chairman:** Thank you, Mr. Minister; we appreciate your co-operation.

Before we move to questioning, I have certain replies which have been provided to the committee by the President of the Treasury Board with respect to the committee's examination of the main estimates for the year ending March 31, 1976.

I would like to table them. Is that agreed?

**Hon. Senators:** Agreed.

**Senator Grosart:** By "table", do you mean they will be published in our proceedings?

**The Chairman:** No, I would expect not. They have been distributed to individual senators.

**Senator Grosart:** Mr. Minister, I can assure you that we appreciate this third trip to the "bear pit"—

**Hon. Mr. Andras:** Or to the "well".

**Senator Grosart:**—and certainly the co-operation we have had in this committee from your department. Someone indicated to me the cost of supplying that information, which I hope will not have to be repeated, but it seemed to be fairly high. We have had, of course, some contrary views to those put before us by the department itself. Some would appear to be fairly serious; others individual, isolated instances. They all bear, it seems to me, on this breakdown of your expenditures, which would also indicate the emphasis you are placing on training, job creation and placement, with 64 per cent on training, 24 per cent on Job Creation and 12 per cent on placement. You state at page 14, among other things, that the training program must and will be expanded. Do you see, then, any substantial change in this division of your emphasis between the three major program areas?

**Hon. Mr. Andras:** I certainly have a bias, as I indicated in my statement and on previous occasions, towards an increased allocation of resources for training. I am concerned—and one understands why—about the increasing costs of training versus the availability of funds. However, I am not satisfied that the number of training days, let alone the quality and so on, is keeping pace with our requirements as a percentage of the labour force being trained, although our absolute budgets have increased, that percentage is not keeping pace with the rapid growth of the work force. I would see, from my point of view, more and more emphasis on, and continue to put more and more and more pressure for, more resources for manpower training. In that sense the juxtaposition between those main divisions of our efforts might shift.

It is hard to say, because I guess the wail of every minister is that he needs more for every part of his operation, although I would be very fast to cut out programs that we consider not to be working as we had anticipated. For the job information centre, the number of counsellors, the question of man-years for counselling or CMC activities in the communities more is needed, we feel. I do not know that the relationship will change, but I see the pressure on for more resources for manpower as being needed.

**Senator Grosart:** That means you may need more than the \$750 million?

**Hon. Mr. Andras:** It is quite possible some of this will fluctuate in the job creation area. That is more flexible in its requirements because it is based more on the immediate needs of the economy in terms of employment and unemployment situations. Referral services, the special services and programs for the disadvantaged, which is a deep-rooted problem, will be longer term requirements. The main part of our job creation allocations will ebb and flow, that part devoted to economic unemployment will ebb and flow as the economy ebbs and flows, so there will be a change in the distribution on that basis.

**The Chairman:** Perhaps I could ask a supplementary question. On page 2 of your brief you state:

Beginning in 1967, the department emphasized manpower training and later job creation. These very important programs may have distracted our attention to a certain degree from our basic employment function.

That statement, while a little cloudy, would indicate that you are going to emphasize the employment function, which is the smallest part of your budget, over training.

**Hon. Mr. Andras:** I do not think that is necessarily in a larger allocation of funds, but I will be very frank to admit, and so will my officials, that since 1967, and continuing, we have absorbed or created new programs all generally loaded on to an administrative system without, in my opinion a compensating increase in man-years and resources. The Local Initiative Program was a new program after 1967. The Local Employment Assistance Program and Outreach are part of a whole series of changes. My impression was, when I took over the portfolio, that our people were somewhat confused by having new priorities or programs piled on top of others. Also, I think we had an inefficiency, structurally and organizationally, within our operation by the insistence of the Operations Division. So I think our placement service was getting behind. This has to be placed in a time frame, and I do believe the reorganization of job information centres, admitting at the beginning some trial problems, is our response to emphasizing again and improving that sector.

Returning to Senator Grosart's point, other than the fluctuation of job creation funding, and the effort that goes behind that, I think we probably maintain emphasis on manpower training; we need more of it, and we continue to improve our placement service. I do not see the great resources relative to manpower training funding requirements being devoted to the latter though.

**Senator Thompson:** Perhaps I could ask a supplementary in a sense, although it is on manpower training. Do you have the figures for the proportion of landed immigrants taking this training?

**The Chairman:** I am afraid, senator, that is a little bit off the point. Perhaps we could come back to it later.

**Senator Thompson:** I would like to get that figure.

**The Chairman:** We will get that figure for you.

**Hon. Mr. Andras:** We can get the figure for you, but it would be a relatively small proportion.

**The Chairman:** We will get that figure and send it to you, senator.

**Senator Grosart:** On the question of a fluctuating economy, would you not agree that the substantial changes that have taken place in the last year or so in the unemployment situation might indicate that far more emphasis should now be placed on the short-term problem of placement rather than on the long-term solutions you are seeking through job creation and training?

**Hon. Mr. Andras:** To the degree that that is valid—and it certainly has a degree of validity—I think we have been doing that, particularly in the changes that have taken place as a result of the introduction of the job information centres, which is not just a structural organizational change but is a conceptual change. I would not argue with you about that point, but we noted in 1973 and 1974, when the economy was very, very vigorous, that there were job vacancies that were difficult to fill by virtue of skill lack, by the effectiveness or otherwise of mobility programs and so on. These problems cannot be resolved strictly by placement alone. You have got to look behind it, because if you do not have the skilled person to place, a most effective placement service will still suffer from the criticisms we are getting. I say yes, and they have got to be kept in relationship. If this meant abandoning our investment in manpower training, or at the moment in job creation, which is placement of another kind, I would not want to see it. We have got to do it all.

**Senator Grosart:** Would you say a crash program of switching, say 10 per cent from the 1974 training, might be called for at the present time?

**Hon. Mr. Andras:** I would have to think about that very carefully. It does not leap to my mind. Whether it is 10 per cent or 15 per cent is not, I think, your point. First of all, the jobs have got to be there, and right now, in comparison with 1974, for instance, there are fewer jobs available in relation to the number of unemployed, so placement will not work unless there is a job to place them in.

**Senator Grosart:** The reason I ask the question is that I have lately been concerned with a good many individual instances, perhaps not typical, of people who have come to Canada and who within a very short time, have found jobs. In one instance, two young men told me they had offers of three different jobs although they had been in the country only two weeks. I ask that question, wondering if your placement program is as efficient as it should be.

**Hon. Mr. Andras:** I would never claim that it was. On the other side, I would appreciate a realization that it is improving, that it has improved rather substantially in the last few years. However, I do not deny that there is not still a long way to go.

**Senator Grosart:** You will recall, Mr. Minister—



**The Chairman:** Senator, Mr. Manion has a point to make on that.

**Mr. J. L. Manion, Senior Assistant Deputy Minister, Department of Manpower and Immigration:** Mr. Chairman, I would like to add just one small point. The department does not believe that it should participate in every transaction in the labour market. Employers and workers are well able in many cases to come together and make their own arrangements. In fact, we have put a lot of effort in the last couple of years in a program designed to teach workers how to find their own jobs, prepare curricula vitae, visit employers, and so on. We think there is a lot of self-help that can go on. I would urge any worker to do his best to find his own job as well as using the Manpower Centre, so that the Manpower Centres can more and more concentrate on providing an information exchange and help those employers and workers with special problems. The fact that a lot of people get jobs outside the Manpower Centre is a good thing and should be encouraged as much as possible.

**Senator Grosart:** Of course; which brings up the question of image, Mr. Minister, which you refer to on page 5 and elsewhere. Would you not agree that it might be in the interests of Manpower to have a program deliberately designed to upgrade your clients? You ask for the committee's views on whether you should place more emphasis on professional and executive placement. We have your own very interesting statement about the difference between the efficiency of the work of your counsellors in downtown and community areas, and in universities. Does this not indicate that perhaps a major problem is that you should be consciously upgrading your clients?

**Hon. Mr. Andras:** We would agree. That would be possible, in our opinion, only through such matters as Manpower training, counselling and the other services which go hand in glove with our referral.

**Senator Grosart:** I meant in another sense, Mr. Minister.

**Hon. Mr. Andras:** You mean by selection, Senator Grosart?

**Senator Grosart:** Yes.

**Hon. Mr. Andras:** My argument is that we cannot conscientiously indulge in that luxury, because we are a public employment service, which in my opinion, rightly or wrongly, also carries with it a responsibility to the prospective employee looking for work, whatever his or her skills may be, as well as a responsibility to the employer to find a person capable and competent to fill the job requirements.

These are sometimes in contradiction, but I think that is the responsibility of a state paid government placement or employment service as opposed to a private one. If you mean that we reject people who come to us seeking a job because they do not have the skills, surely that is the end result if we became that selective. We are deliberately embarked upon marketing our unemployed, or people who may be employed but at low skilled or low paying jobs, into improved situations. That means we cannot be that selective.

**Senator Grosart:** I am not suggesting that you be selective. I am merely suggesting that it may be an important part of your job to upgrade completely the image of Man-

power so that you will increase the use of Manpower by employers—

**Hon. Mr. Andras:** I would not argue with you on that point. The question is how.

**Senator Grosart:** —and take away some of the stigma that seems to attach to going to Manpower for a job.

**Hon. Mr. Andras:** I do not disagree.

**Senator Hicks:** Is Senator Grosart not answering the question which you ask at page 6 of your brief, Mr. Minister, when you refer briefly to executive and professional people and end the paragraph by saying:

The views of this committee as to whether this occupational group should be given a higher priority will be welcome.

**Senator Grosart:** That is what I said.

**Hon. Mr. Andras:** I am very interested in that area. If that is what you mean, my answer would be yes; but if it means that we deny access to others, then the answer is no.

**Mr. Manion:** Mr. Chairman, one point has not been brought out in any of the discussions before the committee so far. It poses a real question of principle to the department in this effort to upgrade our clientele. If you look at the operations of private placement agencies and many employers, they use newspaper advertisements extensively. They argue that through newspaper advertisements they get a better class of worker to employ. If you go to newspaper advertisements, you attract people who are already employed. You are generally not attracting the unemployed. The unemployed are probably already registered in Manpower Centres.

We have experimented with newspaper advertisements in the past, where we did not have precisely the kind of worker to refer to an employer. We found that we were stealing a worker from one employer to refer him to another. If we were to spend half a million dollars or \$1 million a year on very specific newspaper advertising, we could fill most of the orders of the employer. But should a public employment service, in effect, be enticing workers away from one employer to place them with a second? This is what the private employment agencies very often do.

**Senator Grosart:** This, of course, will happen anyway, even in your present operation. You advertise the job openings in your centres. What is the difference between doing that and doing it in the newspaper—

**Mr. Manion:** It is a question of degree.

**Senator Grosart:** —for the same specific jobs?

**Mr. Manion:** When we did it, we were severely criticized by the employers who lost the workers that were attracted by our ads.

**The Chairman:** It does point up, though, what does come home to us time and time again—the basic incompatibility. You say you are serving the employee and the employer. I can understand that. Obviously, that is what you will attempt to do. But in plain fact the difficulty with serving the employer is the constriction Mr. Manion has just mentioned. If you are going to serve the employer, you will have to get him the person he wants to fill that



job, and he does not give a damn whether that person is employed or unemployed. The moment you say that our responsibility is to those who do not have jobs, you effectively cut out 50 to 75 per cent, or perhaps even 90 per cent, of the service you can give to the employer.

It seems to me crucial to this whole discussion that at some point we have to admit where the real priority and emphasis of the department lie. I suspect, after 21 hearings and reams and reams of evidence, that it really lies with finding jobs for the people who have not got jobs, and until we isolate that we shall have trouble with the department.

**Hon. Mr. Andras:** Yes. I think too, Mr. Chairman, you have put your finger on the potential incompatibility of our role between placing in jobs people who are unemployed—all comers—and the understandable primary objective of the employer to get the most attractive, most effective, most trained, most skilled, person to fill that particular job.

I think this contradiction will always be with us, but it can be alleviated by more understanding on both sides. For instance, as an example, we see a number of times job descriptions by an employer which really overload the requirements for a particular job. I understand it is for the long-term upward mobility of anyone who comes into his organization—the hope that if he is going to hire a sweeper, he, the sweeper, can become a manager at some stage.

There has to be some understanding that this contradiction exists, and remove as much of the friction as possible. Some of it will be there. You cannot have, as employers, a constant hammer at government about Unemployment Insurance, and the cost of unemployment insurance. The best way to get people off unemployment insurance, surely, is to get them into a job. That job has to be a reasonably decent job. We all accept that. You cannot have it both ways. If our effort to place people who are on unemployment insurance, to take one example, is to refer those people to employers, and they say “Well, you are sending us the wrong types all the time,” you have to live with continued cost of unemployment insurance. The friction has to be removed to the degree that it can be.

**The Chairman:** I am trespassing on Senator Grosart's time. I will come back to that line of questioning later. I will merely say, in passing, that if the employers understood this, a lot of the problem would disappear.

**Hon. Mr. Andras:** May I have Mr. Manion give you a rather precise industry example of the variation on your theme, Mr. Chairman—with particular regard to efforts in the last two years in the agricultural industry? To get at your point, Mr. Chairman, it might be well worthwhile.

**Mr. Manion:** I think we would argue that we do try to achieve a balance between serving the employer and the workers. But we cannot achieve that balance and completely satisfy the employer. Agriculture is a good example. A couple of years ago many of the farm employers in Southwestern Ontario were quite satisfied with the kind of service they were getting from Manpower Centres. At the time we took a rather passive attitude towards serving the market. If we received an employer order, we tried to refer a worker.

We became concerned, however, with the fact that more and more employers were turning to offshore labour, because Canadians just would not work in these jobs. We did an investigation of our own and found that we had

been referring people to jobs that were pretty unsatisfactory. Migrant farm workers from other parts of Canada and illegal immigrants were being accommodated in circumstances that many Canadian farmers would not use for their animals. Wages, in many cases, were well below the minimum wage. There was ample evidence of exploitation of the worker.

The department told the agricultural employers that it would provide the workers needed to harvest the crops, first of all, by trying to get Canadians by boosting our mobility, recruiting and training programs; secondly, through organized programs for offshore workers, and, as a last priority, the individual nomination by farmers of offshore workers they have used in the past.

**Hon. Mr. Andras:** The so-called 1102s.

**Mr. Manion:** Yes. The farm employers, as witness the testimony of the Federation of Agriculture before this committee, are quite critical of the department. Yet, what was done is better serving the needs of individual farmers. We have been able to refer more workers, and we have been able to protect the workers against exploitation. Almost every provincial government is now in the process of introducing labour standards legislation applicable to agriculture for the first time in the history of this country. As a result, the job of the farm worker has become more attractive.

We feel we will be more and more able to make good referrals to agricultural employers, because the workers will have less opposition to this kind of work.

In this area, we have tried to play off the different objectives of the department, primarily for the health of the labour market. Certainly, it is good for the workers, but it is also going to make it easier for the department to meet the needs of agricultural employers.

**Senator Grosart:** Of course, there is nothing new about the concept of matching the product to the market. That is your essential job. Perhaps you could say that in relation to the question of placing employed or unemployed. As the old song has it, you cannot have one without the other.

You, yourself, Mr. Minister, have stressed mobility as a desirable aspiration for the Canadian job seeker, so why not do both? Why worry about it?

As an aside, in relation to the program of counsellor grading, you alarmed me by saying that you were going to use the account executive approach. I have spent a lot of my life in the advertising business, and if you do that, you are going to have to make them all vice-presidents.

You mentioned the program of basic job readiness—

**Hon. Mr. Andras:** Do you want to deal with the account executive approach?

**Senator Grosart:** Go ahead.

**Hon. Mr. Andras:** I may have struck a tender cord.

**Senator Grosart:** I was not anticipating an answer, Mr. Minister.

**Hon. Mr. Andras:** I think we are simply saying that by virtue of many moves we have made, we now want to take advantage of some of the time availability of counsellors we deliberately tried to free up for more productive work.

In talking about the account executive approach, we do so in the sense of where there is a real problem in a

particular industry or company, such as high turnover, isolation, inability to get workers, and so forth, the counsellor will go in and sit down with the personnel manager, or senior management of the company, in an effort to search out what is required to alleviate the problem.

**Senator Grosart:** One-to-one counselling.

**Hon. Mr. Andras:** Yes, that is right.

**Senator Grosart:** I hope you do not call them account executives, because that will lead to trouble.

**Senator Thompson:** It may be a good idea to call them vice-presidents and upgrade their status in the community.

**Senator Grosart:** Dealing with the basic job readiness program, I understand that about one-third of your resources in the training area are devoted to this. Is this really a federal responsibility?

**Hon. Mr. Andras:** The jurisdictional problem —

**Senator Grosart:** I did not mean it in the jurisdictional sense, really; but is it one that you should be undertaking to the extent that you are spending one-third of your training budget on it?

**Hon. Mr. Andras:** Mr. Manion alerts me that it is probably considerably less than one-third of our training budget.

**Mr. Manion:** Mr. Chairman, 32 per cent of our budget last year was spent on basic training and skill development, of which basic job readiness training is but one component, and it is a relatively small component. I think we spend 1 per cent or 2 per cent of our training budget on basic job readiness.

**Senator Grosart:** What is the difference between basic skills and basic job readiness? I thought basic skills were reading, writing and arithmetic.

**Mr. Manion:** Basic training for skill development is a sort of skeletal kind of educational upgrading, whereas basic job readiness training is the same kind of training, but especially tailored to the needs of the very disadvantaged workers. In addition to reading, writing, mathematics and science, it includes some training in what we call life skills, where the workers are taught to cope with some basic problems of working and living, such as how to relate to the employer, how to handle personal finances, how to get to and from work, and this type of thing. It sounds rudimentary, but it is necessary in some cases. It is a very personalized, very intense, very flexible version of the basic training for skill development.

**The Chairman:** I think Senator Grosart is referring to the shortfall in the effect of education as provided by the school system and why the federal government is intervening in that at this stage.

**Hon. Mr. Andras:** That is what I thought you were getting at, senator. It is a profound question. The facts of life are that, in the main, people to whom we apply or offer this kind of program, are people who have missed out, for whatever reason, through the educational system, which is clearly a provincial responsibility. The fact is that they do exist. What happened to them in the past, or whether it is their fault or the fault of the educational system, does not enter into it. They are now on our doorstep, as it were,

requiring employment, requiring income from employment, and their skills are such, by virtue of having dropped out, or whatever the reason, that they cannot get jobs unless they get this job readiness training.

It does raise the question of the educational system, which is a very involved one, but somebody has to do it at this stage.

**Senator Grosart:** I am afraid I am confusing the two terms. If it is only 1 or 2 per cent of the training budget, it would not concern me very much.

**The Chairman:** I think the term to which you were referring, Senator Grosart, is the basic training development.

**Hon. Mr. Andras:** Incidentally, this is a declining percentage, as will be seen if you trace it back. I do not have the exact figures, but we will probably be facing less and less of this as time goes on.

**Senator Grosart:** It raises the whole question of federal-provincial relations in this field.

One of the doubts that has arisen in my mind during the course of the committee's hearings is in relation to the efficiency, or otherwise, of your purchasing of training from the provinces. This seems to be an area to which is committed the largest part of your budget, and yet it would seem to be the one over which you have least control.

**Hon. Mr. Andras:** My comment would be that in the early days of this program there was a great deal more validity to the criticism of the type of training we were purchasing. However, I think the introduction of the federal-provincial Manpower Needs Committee, with access to that by employers, industry, unions, and individuals, has begun to clarify and purify our purchases. I think our purchases now, by agreement with the provinces, are much better than they were in the past.

This is a question we have always been wrestling with, and I think Mr. Manion could offer a pertinent comment on it at this time.

**Mr. Manion:** I think the criticism was certainly valid in the early years of the program. I believe Professor Dupré made this point about the early program.

When we began the program in 1967, generally we had a one-to-one relationship with the provincial educational authorities. Their primary interest was in selling us that they had on the shelf, whereas our primary interest was in trying to buy training that was appropriate to the labour market.

On the Federal-Provincial Manpower Needs Committee we have not only the provincial educational authorities, but DREE, the federal Department of Indian Affairs and Northern Development, the provincial departments of industry, as well as some of the provincial treasury people. We have many allies in our efforts to persuade the educational establishment to adapt and provide the training that is needed.

The criticism is very much less valid today than it was as recently as three or four years ago.

**Senator Grosart:** Are you reasonably satisfied, Mr. Minister, that you are getting value for your money?

**Hon. Mr. Andras:** Increasingly so, yes.



**The Chairman:** One of the things that does bother the committee in this respect is the lack of detailed evaluation at the counsellor level of the effect of training on job opportunities. There are surveys made in general terms, but the committee has been bothered by the lack of follow-up by the individual counsellor of the person who was trained as to whether he received the appropriate training and whether, in effect, that training did result in a better job.

**Hon. Mr. Andras:** Well, as I recall it, we have been conscious of this ourselves. I believe there are now procedures providing for an expansion and a longitudinal study and follow-up of the end result.

**Mr. Manion:** We do have the follow-up survey which, I believe, Dr. Campbell discussed with the committee. Originally it was a one-point-in-time check with the trainees after they graduated. We have extended it to a 15-month check and are in the process of going to 27 months. We also look at the trainee's pattern of employment and earnings for three years before he enters training. So we are really talking about a very long slice of his work history and earnings which are examined. Now, as to level of detail, we aggregate these results by the individual course. We can determine whether that course made sense in terms of the later results. We do not go down and say that a particular counsellor referred six trainees who achieved certain results which indicate that the counsellor did a bad job. We have other methods of measuring the performance of counsellors, which we believe to be more effective. The problem in using evaluation studies to assess the performance of individual counsellors is that as soon as we were to do that the evaluation studies would fall apart, because the counsellors will not co-operate with that type of assessment. I believe this is a growing experience of all employers.

**Senator Grosart:** My final question, of many I would like to ask, Mr. Chairman, is one I put to Mr. Raynauld of the Economic Council of Canada. I believe I surprised him, because he did not seem to answer the question. The comment in the 1971 study of the Economic Council of Canada was as follows:

The heavy—in fact, almost exclusive—emphasis on institutional training in Canada is difficult to understand when experts generally agree that, for many occupations and for many individuals, training-in-industry appears to be preferable.

They included two charts, in one of which at that time the total amount of money spent on training-in-industry in Canada was 3.9 per cent; in the United States the total shown was 76.8 per cent. It seems to me that that has not changed very much. What is the rationale of this very great difference between the approach in the two countries?

**Hon. Mr. Andras:** I believe the statistics would bear some examination.

**Mr. Manion:** Since 1971 industrial Training expenses have increased by approximately 1,000 per cent. We have been endeavouring to expand industrial training as quickly as our own structures will permit. Also in 1971-72 we introduced a scheme which was very similar to the American scheme which consumed 76.8 per cent of their large budget, which is the on-the-job training program which was run in Canada for two years at the cost of \$110 million. It was thoroughly evaluated and it was discontinued

after the second year on the grounds that many of the expenditures by the time we were into the second year of the program were merely subsidies to employers. The United States is finding much the same thing with respect to its large scheme. It is much less training than it is a kind of placement subsidy designed to get disadvantaged workers in the United States into jobs. They have found, for example, that when the economy turns down the people who were supposedly being trained are very often the first to be laid off and have been given no real training at all. So that is the weakness of attempting to expand an Industrial Training Program faster than our capacity to monitor the—

**Hon. Mr. Andras:** The actual training given, as opposed to simple wage subsidies.

**Senator Grosart:** What would your percentage be now, as against this 3.9 per cent? Did you say 1,000 per cent?

**Mr. Manion:** 1,000 per cent, in 1971 we were spending approximately \$3 million a year on Industrial Training. This has increased to \$36 million in the last fiscal year.

**Senator Hicks:** Is this your departmental money that is being spent for industry?

**Mr. Manion:** Yes.

**Hon. Mr. Andras:** We are increasing it.

**Senator Robichaud:** Do you have any idea what the provincial contribution would be?

**Mr. Manion:** Very, very little. The only ones of which I am aware are in Ontario, the program run through the community colleges and in Alberta, where the province matches expenditures on Industrial Training.

**Hon. Mr. Andras:** We have had commitments also to the provinces for certain levels of institutional training which we have had some difficulty in meeting because of budgetary concerns and so forth. So, psychologically at least, we do attempt when we are able to obtain additional funds, as we have for training generally, to come up to our commitments with the provinces before we go on into the industrial training aspect. There has been a bit, I suppose, of an empire protection problem in this. I do not say that unkindly.

**Senator Grosart:** On which side?

**Hon. Mr. Andras:** Provincially, to tell the truth, when they tell us that before we go into industrial training, in which we have been more on a direct federal-to-employer course than through the provinces, we must meet our commitments to the institutional training. That begs the question as to the value of that institutional training and I think we touched on, or at least my view was presented on this question. I believe it to be very much better than it was previously, with the co-operation of the provinces.

**Senator Robichaud:** Where would the Algonquin College located on Woodroffe Avenue in Ottawa, for instance, fit into the whole picture of training?

**Hon. Mr. Andras:** It is a provincial institution, which fits into the institutional training side.

**Mr. Manion:** Yes, through the province we buy a certain volume of training from Algonquin College. We would pay 100 per cent of the cost of that training provided to our trainees. However, of course, there are many students at



Algonquin College who are not being subsidized by the federal government.

**Hon. Mr. Andras:** I must say it is my somewhat of a layman's impression, that the community colleges and their counterpart throughout the country are increasingly becoming a very, very good institution for the type of things we are working at. Perhaps that is comparing them with the universities, which is a dangerous comment, but there it is.

**Senator Robichaud:** Some of the students, for instance, at Algonquin College would be 100 per cent subsidized by Manpower?

**Mr. Manion:** Yes; in fact, Algonquin College has a division known as the Adult Retraining Division in which virtually all of the trainees are Manpower trainees. However, of course, they have many other divisions, in which mainly young people are being trained at their own expense, subsidized by the federal and provincial governments through other means.

**Senator Robichaud:** Through what other means?

**Mr. Manion:** The federal government spends some hundreds of millions of dollars subsidizing post-secondary education directly, on a grant basis.

**Hon. Mr. Andras:** That is done through the Department of the Secretary of State.

**Mr. Manion:** I believe the expenditures are in the order of \$700 million a year for that.

**Senator Carter:** Senator Grosart raised the question of control of expenditures on basic training. Is the expenditure with Algonquin College and the training division where you pay 100 per cent of the costs included under the umbrella of the agreement with the province, or is this a separate contract with the institution?

**Hon. Mr. Andras:** It is covered by the agreement.

**Senator Carter:** Yes, that is what I wanted to ascertain. Your contracts differ from one province to another in some respects, do they not?

**Hon. Mr. Andras:** In minor respects.

**Senator Carter:** Yes, but in the contract with Ontario, as I understand it and which we had distributed here some time ago, the allocation of that money really rests with the province. We also had some evidence before the committee that the money is allocated to meet the needs of the institution, rather than to meet the needs of those we wish to have trained.

**Mr. Manion:** There is no doubt, Mr. Chairman, that in their inputs into the decision-making process the province has this as one of its concerns. If it has an institution with a training capacity, it might urge that that institution be used. However, the decision as to what type of training courses, how many subjects and where they should be established, rests with the Manpower Needs Committee, which is comprised of both federal and provincial officials and ordinarily functions on a consensus. While a province might want to say that they want all of their training moneys to go to George Brown College, in fact we would take issue with that and say that we must put the training where our clients are, or where the employers are. There is a dynamic process that goes on to reconcile some of these conflicting interests.

**Senator Carter:** If I remember correctly, we have had evidence in the committee that in actual fact the money for the training we were purchasing did not go to the institution best qualified to provide the training, that had the best equipment and the best teachers; it went to another institution, and therefore we did not get the best value for our money and had no control over the situation. That is as I understood it.

**Hon. Mr. Andras:** I think I would argue about there being no control. Through the Manpower Needs Committees increasingly, since they have been in place and become more effective, this becomes a question of persuasion, negotiation and discussion. I think we would lose many other required measures of co-operation from the provinces if we became absolutely arbitrary, saying that it has just got to be as we say, and pay no attention. Senator Grosart's comments were very valid, and Mr. Manion and I indicated that there is this problem of filling up the institutional commitment; there is the problem the provinces face of having capacity, which is costing them money, that they want to fill up. If they have an empty college, which might or might not be as competent to train or give courses as we think is required, there has to be a little give and take about it.

**Mr. Manion:** There is also tremendous competition between the individual institutions. One example is in the area of restaurant and cooking training. Every college, because it has a cafeteria, has a course in table service, cooking and so on. Every institution would argue that it should have a course in cookery purchased by Canada Manpower. They each claim that their case is the best. In Ontario, for example, I think we have tended to concentrate the cooking courses purchased in, if I am not mistaken, George Brown College. This causes some opposition by the other colleges, but a decision has to be taken at some time to concentrate the purchase of training in order to get a concentration of expertise and equipment. We do sometimes have to resist the representations we get from individual training institutions, which say that because they have a kitchen they should have a course in cookery. I think the evidence that might be received from individual institutions has to be looked at very carefully because of that.

**Hon. Mr. Andras:** When Mr. Manion says "we resist," I think that "we" is ourselves and the provincial governments, who have to make the decision finally.

**Senator Carter:** Mr. Minister, your brief indicates that your manpower policies and programs are undergoing a rather comprehensive review at the present time, with changes in mind to meet long term conditions as we look into the future. I do not know what period you designate for long term; I suppose it would be not less than 10 years. Yesterday there was an article on the editorial page of one of the Ottawa papers, which stated very clearly that within ten years Canada will have an acute labour shortage. The article cited our lower birth rate, the lower school enrolment; it said that in about four or five years time this exodus from the schools into the labour force will be much lower than in previous years, and therefore we will have to import labour from abroad. Are you taking this into account in your review, and what measures do you contemplate for taking care of that situation?

**Hon. Mr. Andras:** The thought that we will be facing quite a change in labour force growth is very sound. I do not know anybody who argues about that kind of projec-

tion, except perhaps in degree. As you know, we have had a very rapid growth in our labour force for many years now, phenomenally so, peculiar to Canada, although most western nations have had a somewhat similar experience, arising from the birth rate of the fifties and sixties, and the increased participation of women, which will continue. However, you are right; the birth rate replacement figures are there for all to see, and there is no indication that they will change.

**Senator Carter:** The article said it was up to over 3.0; it has gone to 2.8, and will go to 2.1, perhaps lower.

**Hon. Mr. Andras:** The fertility rate is at less than 2.1 now, and that is replacement. In some provinces, for instance in the province of Quebec, it is considerably below that. This raises the whole question of the developing approach to demographic policy, population growth and labour force growth, which, as you know, we are embarked upon. My department happens to be the lead ministry in the federal government for development of that. As a component of that, of course, the whole debate that, I may say, is raging on immigration is very valid, because we may have to face, within not too many years, the necessity for a larger growing labour force, and the only available source may be immigration. We are looking at that in the broadest possible sense, and we are now in the process of beginning discussion with the provinces about the whole question of demographic policy.

We do face this very difficult question, where today the situation is exactly the opposite, anyway in a quantitative sense, of high unemployment in this country and particularly high unemployment amongst the young people and amongst women. We have got to thread the needle by having certain policies to combat, to the best of our ability, that situation now, while facing almost the opposite problem in eight to ten years time. That is why this demographic policy development is very important, and we are pressing upon the provinces the importance of beginning to consult with us about this.

Within that—and this comes back to what Senator Grosart was saying—within the quantitative aspect, there has to be a qualitative analysis as well. You cannot compound this too much.—That is why I am reluctant to shift the priorities in face of immediate requirements. Obviously you have to deal with today too. I claim that the training approach to it is the best tool we have, anyway within my mandate. If we do not continue to do this, we will not only have a quantitative problem in a few years, but also a qualitative problem, because technological change will continue. One of the possible solutions to that labour force shortage in ten years time—and I am sure employers or industry are looking at this—is to upgrade the technical change aspect of it. There can be a big debate as to whether that is good or bad; automation, as it were. Automation will obviously take higher skills for those employed. These things have to be kept in balance, but it is very much on our minds.

**Senator Carter:** That was my point. As the quantitative problem diminishes the qualitative problem will increase, and I am wondering how you are planning to take care of it.

**Hon. Mr. Andras:** The demographic policy examination is the broad umbrella, I believe. It is not just population growth but the components of population growth, which are not exclusive; certainly an important factor is labour force growth and availability, and the other elements I

have been emphasizing, the training of the work force that we do have.

Without getting too far into the Immigration field, Mr. Chairman, except as it relates to this issue you have raised, senator, we will have to face the possibility that that will be our source for labour force growth before too many years; and the suggestion that the policy we are embarked upon is therefore restrictive in immigration fails to recognize that we are saying it should be tied to population growth, which includes labour force growth. That might be a changing, moving requirement. Today it might be one thing and in five years or 10 years it might be another. What I am trying to do in this immigration approach related to labour force is to have a commitment in our statement of objectives about immigration that it must be examined in this light. We can no longer go on letting it just happen.

It seems obvious to me. I have some difficulty in getting that point across. I personally—I do not want to digress too far—have a bias that we should not, when we come to that point, try to solve this labour force shortage by the guest worker program. That has other evils and other costs that would outweigh the temporary solution to job vacancy problems in the country. I certainly would say, if we are going for Immigration at some stage to answer that problem as well as others, let us go for people who want to be Canadians permanently rather than adopt the guest worker program of Europe, which I think has solved the problem temporarily but has created some terrible aftermaths.

**Senator Carter:** Mr. Chairman, page 3 of the brief mentions a study conducted by Professor Lawrence Fric of the University of Western Ontario, where comparison was made between counsellors in private agencies and counsellors in Manpower. Did Professor Fric use the same definition in both cases? Did he apply your definition?

**Hon. Mr. Andras:** You mean the one week or longer?

**Senator Carter:** Yes.

**Mr. Manion:** I cannot say, senator. We could check and find out for you.

**Senator Carter:** I cannot see how you could make a comparison if you do not use the same definition in both cases.

**The Chairman:** One could probably assume that he did.

**Mr. Manion:** Yes. I doubt very much if an employer would pay a private placement agency if it produced a placement that lasted for less than a week. We can check that for you.

**Senator Grosart:** It is usually in the contract.

**Senator Hicks:** Mr. Minister, would you care to comment a little on this rather startling difference in the number of placements that are accomplished, on the one hand, by the private agencies and, on the other, by your department?

**Hon. Mr. Andras:** I have not examined it in thorough detail, but my intuition would tell me that we have a larger volume of jobs and people referred to our Manpower counsellors. So the difference in scale would do it; plus the fact that I think the private agency is dealing in a far narrower segment of the market, both so far as the employer is concerned and particularly so far as the prospective referree is concerned. I think the accusation has



been that our counsellors were lazy, or some such thing, and were drinking too much coffee or something.

**Senator Hicks:** Actually, I am amazed that a private placement counsellor can exist while making only 42 placements a year.

**Hon. Mr. Andras:** You have to look at the salary range of the placements and the fee structure of those placements. I would think the private placement agencies would know what their survival performance is per counsellor.

**Senator Hicks:** At \$300 that is only \$12,000 a year for them.

**Hon. Mr. Andras:** If it is \$300; but you do not know how many \$25,000 a year people the counsellors in the private sector place. We do not place very many at that level.

**Mr. Manion:** Mr. Chairman, we have looked very closely at the techniques used by the private placement agencies, and, frankly, in some respects we would like to copy them. For example, when an employer has an order to place with them, the private placement agency will usually send a trained man out to the employer's office, sit down with him, take the order in some considerable detail, look at the job site, see exactly what will have to be done and then stick with that order until a placement is made. It might require two, three or four days of concentrated work by a counsellor on that particular order. We would like to be able to do more of that ourselves. Because of our volume in relation to resources, we have to use some shortcuts, which frankly we think are regrettable.

**The Chairman:** Looking at your shortcuts for a moment, you say, at the top of page 9;

Every employer order received should be the personal responsibility of a counsellor.

In a major office there is a separate area that receives the job vacancy orders. It is not related to the counsellor. Once that information is received, it is typed up on the order form, which also includes the Job Information Centre sheet. It is put out on the viewcom. I must confess, I have not yet seen one of your computer operations. I hope to do so before we are finished. But in the viewcom operation, it is put out on the viewcom, and then put out on the film strip so that the counsellor can also refer to it. But in no case was I able to find a situation where the counsellor actually dealt with the employer in the listing of a job vacancy. All he really had was the card which had the basic information.

**Mr. Manion:** You have both systems in play across the country, Mr. Chairman.

**The Chairman:** I am talking now about the major offices.

**Mr. Manion:** In most of the major offices, because of sheer volume and because of the systems problems in handling the mass of paper, we have centralized order taking and referral in control units. This is necessary to get the job done in, say, Metropolitan Toronto. But we do lose something when we have that system. In Hamilton, where we have a computer which replaces the clerical task of inventory and referral control, the orders are taken by counsellors who pipe them into the system. The counsellor follows up with the employer. The counsellor handles the referral. We have been able to retain the personal touch. We are saying, in the minister's statement, that pending the availability of online computer facilities

right across our operations, we are going to insist that even though we have the order physically handled by a central unit, there will be a counsellor assigned the responsibility for that order. He will follow up with the employer; he will be responsible for checking the referrals to make sure the employer's needs are being met; he will get back to the employer after the order has been filled or not filled, and discuss with him the further problems which have been encountered.

**The Chairman:** How is the selection made?

**Mr. Manion:** Normally in the office we divide up our work by industry or by occupational code.

**The Chairman:** In Hamilton, does the employer go to the same counsellor all the time?

**Mr. Manion:** It would depend. If an employer were hiring executives, clerks, machine operators—

**The Chairman:** But he would tend to zero in, depending on the occupational classification, on the same counsellor over and again?

**Mr. Manion:** That is right.

**The Chairman:** I will have to see your Hamilton operation.

**Mr. Manion:** It is well worth seeing, Mr. Chairman. Our indications are that it is much more efficient and effective than the systems we are trying to replace.

**Senator Carter:** In this review, are you giving any thought to changing the definition of placement, because it does not seem to me to be very meaningful?

**Hon. Mr. Andras:** You mean in the one week?

**Senator Carter:** Yes.

**Hon. Mr. Andras:** Well, we could. It certainly conforms to international standards. We are probably tougher on our criteria than most. The United States Employment Service uses a three-day criteria. The German Federal Employment Service excludes jobs of less than one week. So they are the same as we are. Great Britain does not make any distinction at all. Nor do the French—any placement; they do not worry about duration at all. The Swedish Employment Service, which has a monopoly in the field, does not keep any placement statistics whatsoever. We can look at that, Senator Carter, but what would you suggest—two weeks, a month, three months, or what?

**Senator Carter:** In the light of what you have said, I really think you might perhaps have two definitions and give us two sets of figures—that is, the regular placements for one week, and another figure which would indicate how many stuck to the job for a period, say, of six or 12 months.

**Hon. Mr. Andras:** That would fall more into the extension of the longitudinal analysis to which I referred, which is not only obviously applied to the effects of training in that sense, but the retention of the job. Those statistics will be gathered, but they will be on a sample basis. It would be an horrendous statistical task to follow that degree for everyone we have placed.

It is a moot point. All I can say is that by international standards we are tougher on what constitutes a job placement—as tough as any, and tougher than most. We are



very thorough participants in the approach to these things by OECD countries. In fact, many of our programs are based on OECD experience.

If I may make one further comment, we think these statistics are understated, not overstated. In fact, we were just recently discussing a sample we did in Thunder Bay. Perhaps Mr. Manion can comment on that.

**Mr. Manion:** Because of the criticism of placement statistics, we have been concerned to see whether there was any padding of the statistics. We have satisfied ourselves that there is not. It would be difficult to pad, anyway, because generally in our existing system, the follow-up with the employers is done by somebody other than the person who makes the referral.

We did get two objective bits of evidence as a result of our analysis. In Thunder Bay, the manager of the Manpower Centre put a trained counsellor on the job of following up referrals right across the occupational spectrum in the CMC to see whether the placement had occurred and what the employer's attitude was. This was one person making follow-up calls. He found that the CMC was not recording about 50 placements a month.

**Hon. Mr. Andras:** That is 50 placements that had in fact been made.

**Mr. Manion:** Yes. The reason for that was that the clerk would call the employer and the employer would not return his call, or the clerk could not get access to the employer to determine whether a placement had been made.

This one counsellor was adding 50 placements a month—which is equal, roughly, to the work of three counsellors—to the records of that one small CMC, and we have 450 of them.

Also, in the sample done for the special job finding and placement drive, where our strategic planning and research group made samples of the performance of the various CMCs, our statistics show that as a result of cooperation between the UI and Manpower, a certain number of placements occurred, half of which were made, according to our records, by the CMC, and the other half on the initiative of the workers themselves. We approached those workers that our records showed being placed on their own initiative, through their own efforts, and we found a significant proportion of them in fact had been referred by the CMC and placed by the CMC, and we simply missed those placements in our collection of data.

These things confirm our feeling that the system tends to let a lot of placements go unrecorded.

**The Chairman:** Let me review the other side of that equation with you. I have a letter from Rubbermaid (Canada). You will recall that we have had an exchange of statistics that were provided, I think, by Mr. Toupin when Rubbermaid was before the committee, and this is the return on the statistics that were offered to us at that time by Mr. Toupin. The letter is from Mr. Mallory, the President of Rubbermaid (Canada). We will be glad to give you a copy of this letter.

**Hon. Mr. Andras:** Will you table it with us?

**The Chairman:** Yes, and we would be glad to get your reaction to it. If there is any difference, we would be glad to print it as an appendix to the proceedings so that it is on the record that there is a difference.

In the course of his letter, he states:

However, let us deal with what we know. The Manager of the Mississauga office *could only identify 15 names* that they called Placements. I must digress again and advise you of their understanding of the term "Placement". First of all, all of their records are established from *verbal* contact with companies. There is no exchange of forms to verify numbers. This would make their numbers somewhat suspect to begin with I would think.

A *Referral* according to Canada Manpower, is any individual to whom a job vacancy has been extended, whether or not it is accepted or rejected, or whether in fact, he ever shows up at the designated company or not.

A *Placement* according to Canada Manpower, occurs when they are advised verbally by telephone from a company, that an offer has been extended to a referred individual (we advise them by 'phone when an offer has been extended so that they can update their records and be aware of the fact that this individual has had an offer). Canada Manpower considers the above a Placement whether or not the individual reports for work to the company, or fails to report, and whether or not the offer is accepted or rejected by the individual, for whatever reason. To call this a Placement is not only misleading, it implies that the job of CMC is completed at this stage.

Let us say, for arguments sake, that our company extended an offer of a particular job to 6 consecutive people who refused to accept the job, Canada Manpower would record this is a 6 Placements when in fact, the job is still not filled.

Canada Manpower also regard a Placement apparently, as any work done on obtaining Work Permits, or Permit Extensions, whether or not the individual was referred by Canada Manpower. This also of course, inflates the numbers of Placements.

Let me now refer to the 15 candidates mentioned above that were listed as Placements by the Mississauga office of C.M.C.. I am listing below the 15 names, as received from Canada Manpower.

The names are listed, but I will not use them.

C.M.C. Information	Rubbermaid Information	
	Hired	Terminated
1.	Nov. 7 74	Dec. 2 74
2.	Apr. 15 74	May 8 74
3.	Mar. 18 74	Apr. 30 74
4.	Nov. 8 74	Mar. 14 75
5.	Nov. 11 74	Nov. 20 74
6.	Apr. 2 74	Apr. 2 74
7.	Mar. 20 74	Apr. 5 74

Was not referred by Canada Manpower. Canada Manpower helped obtain Work Permit extension only. This therefore, cannot be considered a "Placement".

8.

- 9.
  10. These people have never
  11. appeared on our payroll,
  12. have not worked at Rubber-
  13. maid ever and therefore
  14. cannot be considered Place-
  15. ments. They may have been
- offered a job but if they were, they either rejected the job or did not show up for work.

What is bothering us so much is that we always run into this dichotomy. You come along, and from the statistics and information you have, you say one thing, and yet we do have submissions, such as this one from Rubbermaid (Canada), that the opposite is so. The submission from Rubbermaid (Canada) is the best and the most complete we have had, I think. They took it very seriously. I am convinced that they feel that their information is as right as you feel yours is, and that they are not manipulating information. Yet, we are constantly faced with this gulf.

**Mr. Manion:** Mr. Chairman, first of all, their assumption as to how we define a placement is not a correct one. We do not call it a placement when the company makes an offer to an individual. We ask whether the individual has in fact been taken on and begun work in the job and, if so, that would be recorded as a placement.

Your reference to the first few names on the list, I think, suggest that the company itself has a real problem retaining the workers it gets, and we would be glad to sit down with that company and go over the evidence that we each have.

**The Chairman:** It would be useful to the committee if you would do that, Mr. Manion, and submit the results to the committee.

**Mr. Manion:** I had a similar experience with another company. Mr. Gotlieb and I met with a major employer in Canada about a year ago. He claimed, in spite of very substantial Manpower needs, that the Manpower Centre had never referred one single worker to this huge project. He had been told this by his personnel director. We met with him and proved to his satisfaction that we had referred literally hundreds of workers and that they had been placed in his company.

This is the way data sometimes becomes the basis of debate. In any event, we would be glad to meet with Rubbermaid and go over the evidence and report back to your committee.

**The Chairman:** Ours, of course, is a disinterested approach. That is why we were delighted to hear the minister say that some of these submissions will be analysed by the department and we will receive the department's view as to the accuracy of them.

**Senator Carter:** Mr. Chairman, may I ask my final question?

**The Chairman:** Senator Carter.

**Senator Carter:** Mr. Minister, as you continue your review of policies, programs and procedures to meet the situation as you see it in the future, have you come to any conclusion as to the position of private agencies in the scheme of things? We have heard suggestions made before this committee, running all the way from the point of view that there should be no profit-making agencies at all if Manpower were doing the job it should, to the other extreme of advocating that they should all be private agencies so as to allow Manpower to save the money. It is indicated in your brief that you contemplate expanding the services to include managerial and professional categories. Will you be doing that in competition with the private agencies, or what philosophy or rationale do you have for it?

**Hon. Mr. Andras:** There are two questions: First is the general question, as to whether we have come to the conclusion to arbitrarily insist on the elimination of all private agencies which operate under business licenses from the provinces. No, we have not come to a conclusion. It is still up for grabs, as it were, in terms of our analysis of the situation. Some countries, as you know, do this. Sweden, of course, has a monopoly in it and I believe Germany has the legislative power to do it, but whether they fully enforce it, I do not know. However, we have not made a decision in that respect.

As you have noted, we do receive many recommendations. I believe we are receiving more representations that we should take over than that we should get out.

As to the second part of your question, with respect to the exploration of expanding our efforts to managerial executive placement, I lay this question before this committee and would be very interested in a response. You might be interested to know that I am enthusiastic that we explore that. Mr. Gotlieb, Mr. Manion and I we have discussed it with the British. They charge a fee and have gone to it on the basis of making it self-sufficient and self-sustaining financially. I see certain advantages to our getting into that, not the least being that if we were successful we would then have made contact with those in corporations and business at a level which would have an effect on the remainder of their personnel policies with regard to the use of Manpower. I see this as a possibility and the general image improvement, possibly, to which Senator Grosart alluded. I think we should make a decision on that before too long and, again, I would invite the comments of the committee, not just as to the principle, but perhaps the method. Should we charge, or should we not charge a fee? I would not ever wish to see us charging a fee for the general volume we carry on, because we must help those at the low end, who cannot afford it. However, at the top end it might be valid to charge a fee.

**Senator Hicks:** If the British charge a fee, where do they draw the line between the general service they offer and this service?

**Hon. Mr. Andras:** They have an income level.

**Senator Hicks:** Those going into jobs above a certain level.

**Hon. Mr. Andras:** Above a certain salary level. The Germans operate such a program also. They have two or three



special offices throughout Germany. The question arises as to if we were to place senior executives, what kind of personnel would we recruit as counsellors? It was very interesting to hear the level of salary of the counsellor in the Federal Labour Institute in Germany. It is a very specialized field. I am very keen to explore this subject.

**The Chairman:** You used to have an E&P branch at one time.

**Hon. Mr. Andras:** Yes, we did.

**The Chairman:** That was all free, was it not?

**Mr. Manion:** Yes; we still have some E&P offices. They tend to be run usually on the standard scale of standard systems.

**The Chairman:** You have one in Toronto, a section of the Toronto commercial office.

**Mr. Manion:** We are simply not able, with the personnel and resources we have available, to put the degree of effort into it. We tend to deal more with the fringes of the executive and professional market, especially with the executive who is unemployed. Of course, once an executive becomes unemployed, no commercial head-hunting firm would touch him with a 10-foot pole.

**Mr. A. E. Gotlieb, Deputy Minister of Manpower and Immigration:** It has not been one of our highest priorities, not because it is unimportant, but because of other more urgent things we must do. However, if we were to enter this field on a self-supporting basis by means of charging fees such as the British have done, in my opinion it would be necessary to demonstrate that we could add something which could not be added by the private sector and that we could do a better job with respect to professionals and executives than is being done by the private sector.

**Hon. Mr. Andras:** It has appeared to me to be somewhat one-dimensional. That is, if we could improve our image with the senior management of corporations, with whom we would be working in such a service, we might achieve a better response on their part with respect to using our service. We would have to up-grade the whole system, but it would not be to put the private agencies out of business.

**Senator Hicks:** Except that if you were competing at the level of the private agencies you would have to abandon your rule that you do not take employees from one job and move them to another.

**Mr. Manion:** That is one of the problems.

**Senator Hicks:** I have two questions arising out of the minister's submission. The first is not very important; nevertheless, it intrigues me. At the bottom of page 7 you state: "Employers may elect not to have their jobs posted in the Job Information Centre." Have you gained sufficient experience to state the rationale which might induce employers not to wish their job openings posted?

**The Chairman:** As a supplementary to that, I never gained the impression that they were told they could do that.

**Mr. Manion:** Yes, they have been told. We do have a brochure introducing the Job Information Centre, which we distribute to employers and, as I recall it, we indicate that the employer is free not to have his orders posted if that is his wish. Unposted orders are handled by our counsellors in the same manner as previously. We found,

in fact, that very few employers, almost few enough to be counted on the fingers of both hands, have asked that their orders be kept confidential.

**Senator Hicks:** What would be the reasoning on the part of those who did make such requests?

**Mr. Manion:** Simply that they, somehow or other, feel that posting their orders in the Job Information Centre would bring them to the attention of undesired potential employees.

**Senator Hicks:** Unqualified applicants?

**Mr. Manion:** Yes; it is usually because the employer does not realize, or does not accept the fact that when the order is posted it is made anonymous. We remove his name, telephone number and address. Some employers fear that they will be inundated with unsatisfactory workers if they are posted.

**The Chairman:** When employers file job vacancies, do they know they will be posted in the Job Information Centre?

**Mr. Manion:** Except that when a Job Information Centre is introduced in a community we carry out an information blitz by way of advertisements in the newspapers, radio announcements and television spots and give it as much exposure as possible. Information pamphlets are widely distributed to employers. When we make our employer visits we counsel them as to the change in the process, invite them to look in at the new centre to see how it operates and generally the response to that is quite good.

**Hon. Mr. Andras:** We usually inform the Chamber of Commerce and the employer organizations in the area. We often hold openings to highlight the change in the service, several of which I have attended and at which many, many businessmen, union representatives and organizations such as Chambers of Commerce were present.

**Senator Hicks:** My second point arises with respect to the last two paragraphs of your submission on page 11, where you refer to temporary placement, making the statement that 12 per cent of all jobs in the labour market are of a part-time nature and this percentage is increasing, warranting a re-examination of your role in this area. I am to infer from this, I presume, that you do not make part-time placements now. I am surprised if that is so.

**Hon. Mr. Andras:** We are referring more to the organizations which have a pool of people and place them, such as secretarial help for overload, casual placement and that type of placement. We do place part-time workers, yes, but they are directly then on the payroll of the employer to whom we refer them and who accepts them, as compared to an organization that might have a pool, who are really their employees and are referred for two weeks, or sometimes much longer. That is really what we mean by temporary placement.

**Senator Hicks:** That leads to the second point I was going to raise, because in the following paragraph you say that, just as private employment agencies compete with Manpower, you might consider entering the growing field of part-time employment. If you mean employment of the type that is provided by, say, Office Overload for secretarial services, do you seriously contemplate that you might actually provide these services and accept the pay for them, the same as Office Overload would, and pay the workers yourself?



**Hon. Mr. Andras:** There would be the question of fee, which is the margin on which those private organizations operate. We have not made up our minds on this yet, but I do say that we are looking at it.

**Mr. Manion:** There is a range of options open. One would be for the department to fund more non-profit agencies, like Fairshare Incorporated, which presented a brief here, and also the farm labour pools. We do operate casual labour pools and make temporary placements. We do not act as the employer of the workers in these pools and rent them out to secondary employers. Nor do we—and this I think is the area we are most interested in exploring—for a fee to the employer provide payroll and check-off services. We could without becoming the employer of record do what we do with the farm labour pool system and act as the employer's agent in paying the worker, providing UIC, income tax deduction, workmen's compensation coverage and all of the record-keeping functions.

**Senator Hicks:** You do this, you say?

**Mr. Manion:** No, we do not do this. This would be something that we might do if it were decided that the department should get more involved.

**Hon. Mr. Andras:** We do not do it directly, but we have been the agency that has promoted the development of one or two of these. The farm labour pools, for instance, and the Fairshare program in Montreal. We have reason to feel that this is an interesting area to explore.

**Senator Hicks:** I agree.

**Hon. Mr. Andras:** Particularly where, at the beginning at least, as was the case with the farm labour pools, there has not been a generally available pool. In Fairshare there was, with some degree of variation in what they are doing; although their clientele is different. In the farm labour pool there was just a vacuum; there was no pool of this kind of service to a whole number of individual farmers; they needed the manpower, they needed a source, they needed that special knowledge of their requirements and so on. We triggered that, but we have not gotten into it directly ourselves.

**Senator Hicks:** You triggered it by providing financial assistance to some private group to set up the farm labour pools. Perhaps you might elaborate on that.

**Hon. Mr. Andras:** I would not call it a private group, in that it is not a profit-oriented institution.

**Senator Hicks:** Where does it operate, for example?

**Hon. Mr. Andras:** We have 59 now across the country; last year there were about 33. It began in the main in southern Ontario, but now it is expanding right across the country.

**Senator Carter:** Are we talking about farm pools?

**Hon. Mr. Andras:** Farm labour pools.

**Senator Carter:** Not Fairshare?

**Hon. Mr. Andras:** No. They are two different things.

**Senator Hicks:** I understand how Fairshare works.

**Mr. Manion:** Both Fairshare and the farm labour pools operate on the basis of a contract with the department. With Fairshare our contract covers a portion of the total

cost. With the farm labour pools, which are operated by local farmers, a farmer is made manager of the pool and there is a contract between him and the minister. The farmer operates the pool, but subject to conditions and requirements imposed by the contract.

**Senator Hicks:** How much assistance would you provide for this? Would you pay the manager, for example?

**Mr. Manion:** In the case of the farm labour pools we provide 100 per cent of the cost of running the pool.

**Hon. Mr. Andras:** The administrative cost.

**Mr. Manion:** It consists largely of the salaries of the manager, a payroll clerk and an accountant.

**The Chairman:** The manager bills for it, does he not?

**Hon. Mr. Andras:** Yes.

**Mr. Manion:** He bills the employer.

**Hon. Mr. Andras:** That is part of the contract.

**Mr. Manion:** He provides the whole payroll service for the farmers.

**Senator Hicks:** He keeps the records you refer to, relating to tax deductions and so on?

**Hon. Mr. Andras:** Tax deduction, UIC, the whole range, including hospitalization.

**The Chairman:** Do you have a rough idea of a comparison of costs between Fairshare and the farm labour pools per employee placed? Is it significantly different?

**Mr. Manion:** I think it would be found that there is a difference, that it is probably less for the farm labour pools.

**The Chairman:** I am talking about your contribution.

**Mr. Manion:** Yes. We can get that for you. We can show you the average cost of operating a farm labour pool and the cost per placement compared to the Fairshare costs.

**Senator Carter:** Could you also provide a comparison of your payment to Fairshare and what it would cost if you had to do the job Fairshare is doing in Montreal? It seems to me, looking at the picture from outside, that it would be more in your interests and in the public interests for you to fund organizations like Fairshare rather than compete with them.

**Mr. Manion:** In this particular case I would suspect it might be cheaper for the department to do it itself than to fund Fairshare, because Fairshare has a number of objectives that go beyond the objectives of the department. They have a certain social animation role; they provide certain other functions that I will not detail.

**Hon. Mr. Andras:** That is not to say they are not valid functions, but they are not necessarily contributing directly to what we are trying to do.

**Senator Carter:** But having regard to its history, Fairshare came into existence because Manpower really could not fill the need that had to be met, and they have apparently done it fairly successfully.

**The Chairman:** I think the point the minister is making is that it was really for a different reason; they felt the need not being met was of a social welfare nature.

**Senator Carter:** And job replacement.

**The Chairman:** And temporary job placement, but that was just one of the aspects with which they were concerned.

**Hon. Mr. Andras:** In many areas, such as Fairshare, LEAP, Outreach, and a whole series of these programs—I think Fairshare is under the Outreach operation anyway—we are experimenting in doing this sort of thing, and the new umbrella thrust of this whole approach is the community employment strategy, which is much broader than even Fairshare. The time may come when the experiment has proved that it is good, but there may be better ways to effect it.

**Mr. Gotlieb:** I think sometimes we are criticized by the very services were help to create, which is fair game. However, I would like to emphasize that, taking for example, the farm labour pools—probably it is a fact that you know—we developed, and in fact invented, the concept as an administrative and planning tool for dealing with manpower problems in the agricultural area. It was done precisely to encourage this notion of organizations which in a way were at arms' length with the government, which stood between the bureaucracy *per se* and the individual, because of their roots in the community and their basic interest, whether through the community, or through the social welfare notion, or through an economic interest, basically to involve these people in helping to solve manpower problems through our assisting them administratively in encouraging the provision of that service.

The same is true of the Outreach concept. I do not know if we could claim to have invented it, but we certainly pioneered the concept and developed it for, as you suggest, Mr. Chairman, very different reasons, simply again using individuals in the community who are independent of government to do things that probably could be better done by them than simply an extension of the bureaucracy.

However, for that we do need flexibility of funds, and I think we also need encouragement to engage in this type of innovation, because it does not always work. Sometimes you get criticized and you get problems. Without having a climate in which this type of innovation can be pursued I think we would all in a sense be the losers.

**Senator Hicks:** Mr. Chairman, since the deputy minister had again referred to the farm labour pools, it reminds me that I have not asked whether these ongoing organizations are in existence year round, or whether they are organized seasonally, then disbanded, and then re-organized when the next season comes round.

**Mr. Gotlieb:** We are treating them as ongoing organizations. In other words, a skeleton staff or core group is being kept on in order to facilitate the plan. But they are essentially operational in the required season.

**Mr. Manion:** In the off season, senator, we use them to provide relief services to farmers who want to get away for holidays. We will place not only seasonal farm workers but permanent farm workers, and farmer replacements. We try to have a list of, say, retired farmers who can be trusted to take over a whole farm operation for two or three weeks and let a farmer get away. We have those three kinds of services offered by the pools.

**Senator Hicks:** Do the people operate in close conjunction with the nearest Canada Manpower Centre?

**Hon. Mr. Andras:** Yes.

**Senator Hicks:** And the manager of the farm pool would report to or be in constant liaison with the manager of the Manpower Centre?

**Mr. Manion:** Yes.

**Hon. Mr. Andras:** Because, after he is identified by his personal knowledge, being a farmer himself in most cases, then of course he has to tap the local, regional and national availability of people to place. We have to have this on a year round basis, senator, to make it work, because one of the problems we ran into with placement of people to take up crops and so on—indeed this applies, unfortunately, in a very widespread manner to Manpower planning throughout industry—too often we found that people would start screaming, if I may put it that way, a few days before their requirement. We are saying “Look, please, let us sit down well in advance and have time to plan and implement the thing properly.”

**Senator Neiman:** Mr. Chairman, I want to refer back briefly to the minister's comment about the department's very proper concern regarding the high unemployment among women and youth. I do not know if the department has any real idea of the proportion of that group who are in the labour market from necessity or for convenience, or simply to supplement their income, whether as a working wife or a youth in the family group.

As you know, we have constantly heard criticism of the department from employers who say, “Because of your Unemployment Insurance practices, this eight-week limitation, we are being deprived of a lot of people who just do not work unless they feel like it. They would rather go to the Unemployment Insurance.” I was wondering if the department has a policy of assisting all unemployed women and youth, regardless of the family type of income. Do you look beyond the individual?

**Hon. Mr. Andras:** No. We are not denying our services to people on the basis of income. You have heard the emphasis we are giving, in the macro sense, with our programs, with regard to trying to do something about the chronically unemployed or the chronically under-employed. But as individuals we do not deny access by virtue of income or second earners in the family. I think we would be wrong to do so.

**Senator Neiman:** I read recently in a paper that some governments who run employment services, such as we do, in other areas are looking to the total family income in trying to determine where the government should give priority with regard to assistance. It seems to me, although I think it would be very difficult to determine, that it might be worth looking at. It would seem to me, from much of the criticism we get, particularly with regard to Unemployment Insurance, that women and youth go into the labour market simply to qualify for Unemployment Insurance and then move out again. Employers complain about that type of mobility with regard to women and youth.

**Hon. Mr. Andras:** We do not have figures to offer as to the number of young people and women who may be second earners in the family. We do not make that differentiation on the basis of family income. Seventy three per cent of our Unemployment Insurance claim load are recorded as not having dependents. That does not mean



they are single. They can be married, but the other spouse is claiming the dependency status for the children, and so on.

One has to be very careful here, but most of the young people who are unemployed are starting out on their own independent careers. To look at them in terms of the family income is a pretty short-sighted situation. I certainly would have a bias. If we had to establish priorities, the household earner, on whom the whole family unit is dependent for their income, has a priority. We are conscious of that. We have a non-discriminatory requirement within our legislation, and regulations pertaining to national employment service. We cannot say to one person "Look, your family income is X; therefore we will not work as hard for you than we would for someone else."

We have made changes to our general regulations to permit this, to take what we call affirmative action, particularly for disadvantaged, for native people, and that sort of thing. That is reflected in the progress I have been describing generally—community employment strategy, Outreach, LEAP, and so on, counselling service at the second and third delivery level within the Job Information Centres. No, we have not been considering discrimination on the basis of family income.

**Senator Neiman:** On the table you submitted today, with regard to the Local Initiative Program, do you have a profile on the types of people who come within these incomes? Could these very well be people you have assisted who could perhaps be wives of working husbands? Are you referring only to the individual wives coming within a certain category of the poverty level?

**Hon. Mr. Andras:** It is family income in that case.

**Senator Neiman:** This is total family income in here?

**Hon. Mr. Andras:** That is right.

**Senator Neiman:** The minister ahs a statement here, when referring to the services to the handicapped:

The employment potential of these various groups must be recognized and promoted, and employers as corporate citizens must show greater interest in hiring them.

I wonder if the minister could tell us if the federal government, as a corporate employer, has a positive policy not only of providing jobs through your department but of hiring these people and providing jobs on a contractual basis.

**Hon. Mr. Andras:** I have written recently, in recent months, to both the President of the Treasury Board and the Chairman of the Public Service Commission. We are now exploring the possibility of a very precise and positive action. I cannot say it is committed yet. I think we should set an example in this, as a very large employer. I note that again some other countries—in Germany for instance—there is legislation which requires employers to accept a certain percentage—I think it is 3 per cent or 5 per cent; I cannot remember which. It is 6 per cent. There are problems in defining who those people are. But we have that problem in the community strategy development also.

I certainly feel that we have to look at the federal government as being a leader in this field. I personally would like to see us search out, throughout the federal government, a range of jobs and employment opportuni-

ties—those kinds of jobs that could be filled by people who have certain physical handicaps or other kinds of handicaps, and make opportunity for them.

**The Chairman:** Do you think the private industry should have an obligation in this also?

**Hon. Mr. Andras:** I certainly think they have an obligation. It is a moral obligation—

**Senator Robichaud:** It is a legal obligation in Germany.

**Hon. Mr. Andras:** It is a legal obligation in Germany, as I was saying a moment ago. The fact is, it is probably more than a moral obligation. This may be somewhat abstract, but the fact of the matter is that in financial terms, no one in this country is going to let anyone else starve to death, and thank God for that.

I do not think it is enough for us—and this is the essence, really, of the community employment strategy—as an advanced society, an affluent nation, in spite of our temporary economic problems, to any longer say that we have done our job if we just continue to send income cheques to lonely people in rooms. Most of those people want to contribute to society and want to be seen by others as contributing to society. It is not a matter of straight economics.

To the degree that people who are always outside the labour market, who are receiving transfer payments of one kind or another, whether it is social welfare, pensions, or this sort of thing, can be, for their own pride and dignity, and for the sake of society, made 10 per cent, 15 per cent, 20 per cent productive in some way, I think everybody gains, and the employers' cost of taxes, and everything else, is reduced proportionately.

I think it is axiomatic. The degree to which we impose upon employers a legal obligation to do so is something that we would have to look at.

**The Chairman:** Honourable senators, I think that probably is as high a note as we could possibly leave this series of hearings on, and we should not interfere with the sentiment that was expressed.

When these hearings began, the minister promised us his cooperation and the cooperation of his department. I think it would be fair to say that we have had excellent cooperation. I am not sure, Mr. Minister, that one could say that the department has "let it all hang out," but I think most of the information that we have asked for has been received.

In our perception, both in the hearings and from visiting various offices, you certainly have a most dedicated staff, and one that I think you can be justly proud of. On balance, I think we would have to say that we have received excellent cooperation from them in our hearings, and we thank you very much for the role you have played.

**Hon. Mr. Andras:** Mr. Chairman, I look forward to a constructive and objective report. That does not mean that we do not expect, and will not welcome, criticism. As the minister—and I know this view is shared by my officials—I state that we really do want to improve, but we do not, if I may be blunt about it, want to be chased off into trying to respond to things which were errors of the past and which we have been, I hope, overcoming. There are many areas for improvement, and to the degree you can single out those and advise us, we will all be winners.



**The Chairman:** Our report will attempt to be completely objective. I do not think it will be our objective to criticize you for past errors. If we do see an error that is in the process of being corrected, we will identify it as an error and state that the department is moving to correct it. We might spur you on to correcting such errors more assiduously, but that is about as far as we would go.

There is one area that we would invite you further cooperation on, and that is your method of evaluation, most especially in the training area and, to a lesser extent, in the placement area. We would invite the cooperation of you and your officials in receiving as much information in that area as it is possible to provide.

**Hon. Mr. Andras:** This, of course, is a constant problem, a recurring criticism of governments generally, as to the evaluation information that is made available in absolute detail. I must admit to some continuing uneasiness about this. The argument, of course, is that the general information is made available—the statistics, and so forth, are nearly always made available, so far as I recall—but the final interpretation is not always made available. I guess the feeling is that if you are asking people to evaluate candidly, objectively, thoroughly, it inevitably includes, as

I was referring to before, self-criticism, valid and otherwise, and if that self-criticism is going to be made universally public, then you begin to get laundered information and protective, defensive interpretations.

That is a very large question. It does not only apply to my department or this government, but to governments generally.

I must say, the practical problem is that the goofs and errors nearly always receive the maximum exposure and publicity, whereas the good results proven by evaluation get buried and very often never surface.

If we could get a balance, I guess all governments would be less inclined to be watching their backs all the time.

That is not a very satisfactory answer, Mr. Chairman. There is another forum, I suppose, for that one.

**The Chairman:** I suppose the only comment on the answer is that as mature individuals we can probably discuss the relevance of various reports and conclusions, as to whether or not they really direct themselves to the work of the committee.

On that note, the committee will adjourn.

The committee adjourned.

## APPENDIX "A"

## MANPOWER PROGRAMS AND POVERTY

*Definition of Poverty*

The following table gives the Canadian Council on Social Development definition of poverty by family size as for 1973. The Statistics Canada figures for the same year are included for purposes of comparison.

Poverty Line	CCSD Family Size	STAT CAN Poverty Line
1	\$ 2,580	\$2,833
2	4,300	4,106
3	5,160	5,239
4	6,020	6,230
5	6,880	6,965
6	7,740	7,646
7	...	8,383
8	...	
9	...	
10	\$11,180	

Source: The Canadian Council on Social Development, and Statistics Canada. In general, the two lines are close to one another, except at the smaller family sizes.\*

\* The two lines have moved further apart since 1973. The methodology used to derive the lines, together with the Senate Committee lines, is discussed briefly in the "Canadian Fact Book on Poverty", by D. Ross, published by CCSD in February 1975.

For all practical purposes, it can therefore be assumed that the data presented below, which for the most part refer to fiscal 1973-74, are compatible with the Canadian Council on Social Development's index.

## CMTP

The Benefit-Cost Evaluation Report\* showed that three-quarters of BTSD clients and two-fifths of Skill trainees who completed courses in 1973 had pre-training incomes below the poverty level (Economic Council of Canada definition), allowing for the size of the household in each case. The incomes of a large number of these clients were above the poverty level after training.

\* "Benefit-Cost Evaluation of the 1973 Canada Manpower Training Program", S.P.R., November 1974.

## CMITP

Evaluation of the 1973 program estimated that about 31% of trainees were below the (1974) Statistics Canada poverty line prior to entry into training.

## OUTREACH

The Outreach program reflects a recognition of the fact that departmental programs were not meeting the employment needs of certain segments of the population. The program uses the competencies of external groups and agencies to deliver services and to maintain close contact and identification with the various client groups. The main

emphasis in Outreach has been placed on the demonstration of alternative, innovative means of delivering services and programs to groups with special needs.

The distribution of funds among identified target groups in 1974-75 was as follows:

Target Group	Funds Committed \$000	Distribution %
Women	420	9
Unemployed/Urban Poor/Welfare Recipients	943	19
Native Peoples	953	19
Handicapped	766	16
Youth	640	13
Inmates/Ex-inmates	605	12
Isolated Communities	488	10
Other	184	2
CANADA	4,999	100

Source: "Outreach Evaluation", Manpower and Immigration, January 1975.

About seventy-nine per cent of Outreach clients were unemployed at the time of contact with an Outreach project and some seven per cent were not in the labour force. This suggests that at least 86 per cent, and likely more, of Outreach clients were receiving very low incomes. While no specific income data is available on these clients, the fact that they are from groups labelled "disadvantaged" indicates that be far the majority would have some income difficulties.

## CMMP

Evaluation of the 1972-73 Canada Manpower Mobility Program showed that 41% of clients were below the poverty line. One year after the move, the proportion below the poverty line had been reduced to 7%. Whereas 84% of all clients had annual family earnings of \$10,000 or less prior to relocation, only 58% had annual family earnings of less than \$10,000 after moving.

## LEAP\*

In the fiscal year 1974-75, LEAP funds amounted to \$12 million to provide for the creation of some 1,746 jobs. The projects are directed towards job creation efforts specifically for disadvantaged persons in much the same groupings as those under OUTREACH. At least 38 per cent of the projects are directed specifically at the poor and welfare recipients. Members of other target groups are also likely to be low-income recipients.

About 84.4 per cent of LEAP participants were in non-managerial positions. About 30.5 per cent of managers and 59.2 per cent of non-managers were earning less than \$100 per week before entering a LEAP project. Annual income data indicate that 64.2 per cent of non-managerial participants and 29.5 per cent of managers had an annual income of less than \$3,000 before entering LEAP.

More than 60 per cent of non-managerial and 24.8 per cent of managerial participants reported an *annual family income* of less than \$4,000. Family income data for 1972 indicate that over 60 per cent of non-managers and one-quarter of managers were below the 1972 ECC poverty line.

#### Local Initiatives Program\*\*

Over two-thirds of the 1973-74 LIP participants reported incomes during the preceding year under \$4,000. Fewer than 5% reported incomes of \$8,000 or more.

\* This material was extracted from the LEAP Evaluation Report, Manpower and Immigration, December 1974.

\*\* This material is derived from the draft 1973-74 LIP Evaluation Report (April 2, 1975).

Income	Proportion of Participants	Total Labour Force 1973 est.
No Income	1.6%	(
Income less than \$2,000	29.7%	(12.4%
\$2,000-\$3,999	36.3%	13.0%
\$4,000-\$5,999	22.7%	16.8%
\$6,000-\$7,999	6.4%	15.2%
\$8,000-\$9,999	1.9%	13.8%
\$10,000 or more	1.5%	28.8%

Average income during the preceding year was \$3,170 for 1973-74 LIP participants and \$3,154 for 1972-73 LIP participants, substantially less than the average income of \$5,033 reported in the 1971 Census. Comparison of the distribution of income of LIP participants with that of the labour force as a whole shows the income LIP participants to be far lower; incomes under \$4,000 were reported by 67% of the LIP participants, compared with only 25% of the overall labour force.

Using the Statistics Canada definition, the LIP Evaluation report concluded that slightly under half of all LIP participants were below the poverty level.

#### Participants in Families below Poverty Line, by Sex

Percentage below the poverty line	Three LIP Years (percentages)		
	1973-74*	1972-73	1971-72
Both Sexes	49.5	43.1	46.1
Males	56.8	50.2	49.7
Females	35.2	20.3	34.6

#### Estimated Current Expenditures

On the basis of the above evaluation results, the table below estimates the proportion of departmental funds cur-

rently expended on participants and trainees who are at or below the CCSD poverty level. These are very rough approximations only.

#### Estimated Impact of Program Expenditures on 'Poverty' Clients

Program	Approximate Program Expenditures 1974-75 (\$ million)		Est. Proportion Expended	
			%	\$ (Million)
CMTP	369		53	196
CMITP	32		31	9
Outreach	5		86	4
CMMP	8		41	3
LEAP	12		53	6
LIP	84		49	42
TOTAL	510		51%	260

Note: This table excludes a number of programs on which either data are not readily available, or which are specialized or temporary in nature (e.g., the Employment Service, Special Job Finding Drive, and OFY.)

\* Because 1973-74 family incomes are presumed to understate the actual amounts, somewhat fewer than 49.5% of participants' families in 1973-74 may actually have been below the poverty line.

In 1972, a series of papers on "Manpower Programs and the Poor" were put together by P.D.S. On the basis of a much more rigorous analysis than has been possible in this present paper, and including the Employment Service, it was then estimated that about half of all program expenditures were devoted to persons that were at or below the then poverty level.

#### CONCLUSION

Overall it is estimated that in 1973-74 approximately one half of program funds, excluding the Employment Service, were expended on those below the poverty level and there is no reason to suppose that this percentage is currently any different. The proportion of program funds which are estimated to have gone to servicing people below the poverty line varied between individual programs from a low of 31% (CMITP) to a high of 86% (Outreach).

In any event, it seems that the statement that "... manpower's 1974-75 allocation of \$783,000 for the unemployed, urban poor and welfare recipients, amounts to only 0.1% of the Department's budget" misses the mark completely. It is probable that the 0.1% refers only to action taken under the Outreach Program on behalf of a certain target group.

Strategic Planning and Evaluation Group

June 16, 1975.



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FIRST SESSION—THIRTIETH PARLIAMENT  
1974-75

# THE SENATE OF CANADA

PROCEEDINGS OF THE  
STANDING SENATE COMMITTEE ON

## NATIONAL FINANCE

The Honourable DOUGLAS D. EVERETT, *Chairman*  
The Honourable HERBERT O. SPARROW, *Deputy Chairman*

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Issue No. 27

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WEDNESDAY, NOVEMBER 19, 1975

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Proceedings

On Supplementary Estimates "A" laid before Parliament for the fiscal year ending March  
31, 1976

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(Witnesses: See Minutes of Proceedings)



STANDING SENATE COMMITTEE ON  
NATIONAL FINANCE

The Honourable D. D. Everett, *Chairman*;

The Honourable Herbert O. Sparrow, *Deputy Chairman*.

The Honourable Senators:

Barrow	Hicks
Benidickson	Langlois
Carter	Manning
Côté	Neiman
Croll	O'Leary
Desruisseaux	*Perrault
Everett	Prowse
*Flynn	Robichaud
Giguère	Smith (Colchester)
Graham	Sparrow
Grosart	Yuzyk

20 Members (Quorum 5)

\**Ex officio* member

# Order of Reference

Extract from the Minutes of Proceedings of Thursday,  
13th November, 1975:

“With leave of the Senate,

The Honourable Senator Langlois moved, seconded  
by the Honourable Senator Perrault, P.C.:

That the Standing Senate Committee on National  
Finance be authorized to examine and report upon the  
expenditures set out in the Supplementary Estimates  
(A) laid before Parliament for the fiscal year ending  
the 31st March, 1976.

The question being put on the motion, it was—

Resolved in the affirmative.”

Robert Fortier,  
*Clerk of the Senate.*

# Minutes of Proceedings

Wednesday, November 19, 1975

Pursuant to adjournment and notice the Standing Senate Committee on National Finance met this day at 9:30 a.m. to consider the Supplementary Estimates "A" laid before Parliament for the fiscal year ending March 31st, 1976.

*Present:* The Honourable Senators Sparrow, (*Deputy Chairman*), Barrow, Benidickson, Carter, Flynn, Grosart, Hicks, Langlois, Manning, Perrault, Smith (*Colchester*) and Yuzyk. (12)

*In attendance:* Mr. J. H. M. Cocks, Director of Administration.

*Witnesses from the Treasury Board:*

The Honourable J. Chrétien, President;  
Mr. R. L. Richardson, Assistant Secretary.

*Present but not heard:*

Mr. A. E. Morin, Assistant Secretary;  
Mr. E. A. Radburn, Director of Estimates Division;  
Mrs. T. M. Melnyk, Executive Assistant to Mr. Richardson;  
Mrs. L. Mill, Legislative Assistant;  
Mr. Pierre Fortin, Executive Assistant.

The Treasury Board undertook to furnish answers to questions by the Honourable Senators Smith (*Colchester*), Benidickson and Grosart at the earliest moment.

It was *Agreed* not to present a Report of the Committee immediately as the Committee may wish to further consider the said Supplementary Estimates "A".

At 12.25 p.m. the Committee adjourned to the call of the Chairman.

ATTEST:

Gérard Lemire,  
*Clerk of the Committee.*



# The Standing Senate Committee on National Finance

## Evidence

Ottawa, Wednesday, November 19, 1975.

The Standing Senate Committee on National Finance, to which were referred the Supplementary Estimates (A) laid before Parliament for the fiscal year ending March 31, 1976, met this day at 9.30 a.m.

**Senator Herbert O. Sparrow** (*Deputy Chairman*) in the Chair.

**The Deputy Chairman:** Honourable senators, we are very pleased to have with us this morning the Honourable Mr. Chrétien, who is here to assist us in our study of supplementary estimates (A). Mr. Chrétien has with him Mr. R. L. Richardson, Assistant Secretary, and some of his other staff, who will be prepared to answer questions for us.

I propose to begin our meeting this morning with an opening statement from the minister, which I understand he would like to make.

I would suggest, unless senators disagree, that we study the estimates on the basis of departments, starting at the beginning. I will announce the department involved, and if there are any particular questions on that department we can handle them at that time. This does not preclude any senator from asking any questions at any time on any part of the estimates, but it might just expedite the proceedings if we were to do it from the beginning of the estimates themselves.

Mr. Chrétien, would you like to make your opening statement?

**Hon. Jean Chrétien, President of the Treasury Board:** Thank you, Mr. Chairman.

Mr. Chairman and honourable senators, I am pleased to accept your invitation to appear before this committee to discuss supplementary estimates (A), 1975-1976, which I tabled in the House of Commons on November 12.

I am sure some members of this committee will express concern at the level of these supplementaries, which total approximately \$1,751 million. I share such concern.

It might be helpful to the committee if I were to make some general comments about the nature of the supplementaries, in order to assist them with their review, not only at this meeting of the committee but also at any further meetings they may wish to arrange with my colleagues concerning individual items in their estimates.

The size of these estimates is evidence of the cost to the government to continue to protect many Canadians who could not otherwise protect themselves from the continuing burden of inflation. The government has launched a direct attack on the forces of inflation, but cannot abandon those whose position has worsened further than was expected in the first half of this fiscal year. There are also supplementary estimates to cover the inflationary effects

of the costs of operating some of the programs of the government. There are some items where certain events since the main estimates have given rise to additional expenditures.

You will recall that I announced a number of expenditure cuts as part of the June budget. In explaining these cuts on July 2 in the House I stated that we foresaw at that time that there would be unavoidable supplementary estimates. Senators will note that there are only two major new programs included in these supplementaries. The spouses' allowance, which was passed by Parliament since the printing of the main estimates, has been included at an estimated cost of \$45 million. The other major new expenditure is the \$144 million for special employment measures which was part of the June budget.

[*Translation*]

Some of the adjustments to estimates for statutory programs were identified in the June budget debate such as the \$200 million required to meet the increased cost of public debt charges. Total revisions to statutory program costs account for \$480 million of the total.

The additional costs of oil compensation payments will require \$385 million due, in part, to the increase in the international price in October.

Events during the fiscal year have also given rise to expenditures beyond those provided in Main Estimates. Examples would include the costs incurred by the Department of Agriculture because of further outbreaks of brucellosis disease in cattle and the further costs of assisting Chilean and Vietnamese refugees.

[*Text*]

There are two supplementary items under the Treasury Board. There is the \$100 million to increase the contingency vote to a total of \$220 million. This increase is necessary to ensure adequate funds to meet any salary payments that may arise out of collective bargaining agreements that have been or may be settled during this year.

As you are aware, the amounts included in the estimates of departments for salary costs do not prejudice the precise outcome of collective bargaining. The contingencies vote makes it possible to meet the salary requirements after a settlement has been reached. The other items for the Treasury Board is an additional \$12.5 million to cover the additional costs of the student summer employment program. The decision to provide additional funds for this purpose was included in the June budget to provide special employment measures.

As you review the other items in these supplementaries you will, I believe, conclude that although the total is large, the amounts are limited to the unavoidable cost associated with continuing inflation in 1975-76. The

absence in these estimates of new types of expenditures not already approved by Parliament is due to a continuing effort by the government to hold down expenditures to an essential minimum, and at the same time engage in an all-out effort to bring inflation under control.

The nature of these supplementary estimates is consistent with the government's current attack on inflation. It is necessary to bring inflation under control, but at the same time not to abandon those in our society who, during this year, must be protected from the effects of inflation. These supplementary estimates bring the total for the year to \$31.3 billion.

You may remember that when I tabled the main estimates for 1975-76 last February I said I was determined to hold the rate of growth of expenditure for this year over 1974-75, to around 15 per cent, barring very unusual circumstances. I am still confident that we will remain within that target.

In fact, I said when I appeared before the Committee after tabling the main estimates that our goal was not to let the expenditures grow more than 16 per cent. This morning I think I will probably keep the growth of expenditures this year to not more than 15 per cent over last year.

**The Deputy Chairman:** Thank you, Mr. Chrétien. I will now open up the meeting to questions.

**Senator Grosart:** Thank you, Mr. Chairman. I am glad to see the minister with us again, and still happy about his 15 per cent limit on increases in budgetary expenditures. Is that on a national accounts basis?

**Hon. Mr. Chrétien:** Yes, it is. The total expenditures do include non-budgetary items.

**Senator Grosart:** So what would the figure be if it were not on a national accounts basis? Would it be about the same?

**Hon. Mr. Chrétien:** It will be about the same. I think that the non-budgetary items are growing at about the same rate as the budgetary items, but I could provide you with the precise figures. I do not have them with me at the moment.

**Senator Grosart:** Last year we had four supplementaries. How many do you anticipate this year?

**Hon. Mr. Chrétien:** That is a very good question. We had a series of four last year, for a total of something like \$4.9 billion, but of that there was \$900 million that was in the nature of governor's warrants, because due to the opposition we had a period with no government, and that is a special item. I must say, however, that the supplementaries were about \$4 billion.

I have a set of supplementaries now of \$1.7 billion. It is difficult for me to predict, since there are always things that come up during the year, but the final supplementaries will probably be—and this is a rough guess—not more than \$2.5 billion.

**Senator Grosart:** Including these?

**Hon. Mr. Chrétien:** Including these. That means I do not expect the last supplementaries to be more than \$800 million.

**Senator Hicks:** Will that still keep you within the 15 per cent?

**Hon. Mr. Chrétien:** Yes, it will be around 15 per cent. One of the misleading aspects about the Blue Book is that there are always supplementary estimates and, of course, there are items that cannot be printed, so this year I started a new technique trying to forecast total expenditures. I said "There is the Blue Book plus the supplementaries, and the total expenditures this year will not be more than 16 per cent". Now I forecast the total expenditures will be not more than 15 per cent of the total expenditures for last year, but to achieve this I hope that the last supplementaries will not be higher than the figure I mentioned earlier.

**Senator Grosart:** The estimated total expenditures now seem to be something like \$1 billion over the July budget estimate. Is that right?

**Hon. Mr. Chrétien:** I think we have not changed that. It depends on the figures you use. There are budgetary items, non-budgetary items, and so on, and we have not, I think, departed from the budget tabled by Mr. Turner in June. We forecast that the total expenditures from year to year will be under 16 per cent, and there is a variation there, but I would not say it would amount to \$1 billion. Of course, as I said, it depends on the figures you look at. It can be confusing.

**Senator Grosart:** It is confusing, because the estimate figures I have show \$900 million, and we are considerably over that now.

**Hon. Mr. Chrétien:** I have a note here showing that the budgetary items as forecast in the budget amounted to 28.9, and then there were non-budgetary items of 2.7. So, as I have said, it depends on the figures you look at. So if you just take the budgetary items and if you include the OASS/GIS and if you include non-budgetary items—some people will take one figure, others will take two combined figures and still others will take three combined figures and that is why I like to talk about a total picture.

**Senator Grosart:** I was referring, of course, to budgetary items, and today it would appear that you are over your forecast on budgetary items.

**Hon. Mr. Chrétien:** But you will find in these supplementaries that I have tabled some non-budgetary expenditures.

**Senator Grosart:** A little earlier than that you made an estimate of overruns adding up to about \$900 million. How has that figure stood up? I can quote you, if you like, from the *Commons Debates* of July 2, 1975. YOU said:

We are now expecting these overruns in the following statutory programs: public debt charges \$200 million;—

Then you go on to mention a few others, fiscal transfers to provinces, hospital insurance payments and so on. Then you say:

We are also expecting that the payments made to subsidize consumer-prices for petroleum products will be \$275 million more than allowed for. All these together total about \$900 million more than expected in November when we established the expenditure ceiling of \$35.4 billion.

Have you had any further overruns since then?

**Hon. Mr. Chrétien:** You have in those estimates the overruns we have been confronted with, like the public



debt of \$200 million. Then there are the oil compensation payments which were more than expected because of an increase in the price of oil bought from the Arabs, and there were carry-over costs from last year that were higher than expected, and so on. You have, for example, hospital insurance and medicare where there is an overrun of \$128 million. Of course that is one of the programs where we have very little control because we pay half the costs of the provincial governments, so they just send the bill to us and we have to pay. In fact in the supplementaries we present today there are only two new programs—there is the spouses' allowance at \$45 million, and the program announced by Mr. Turner in his June budget to stimulate the employment aspect of the economy.

**Senator Grosart:** This committee has often recommended over the years that the increase in federal expenditures should not exceed, as a percentage, the increase in the Gross National Product. Has there been a policy announcement to that effect? I was away, and that is why I ask the question.

**Hon. Mr. Chrétien:** That is the goal that the government is pursuing, senator, but there is a phenomenon that you have to keep in mind and that is that when the economy is not growing that is the time that the public sector has to pump money in. For example, if there is unemployment, then that is because there is no growth in the economy and it has to be stabilized at zero growth. That is the time that the government is called upon to put in more money to help people who are not working and so on. That is why there is some distortion. You can have that goal over a longer period of time, but it would be very difficult to maintain that from year to year because if the economy is growing very fast, then it is my view that is not the time for the federal government to go ahead of the actual situation. But when the economy is not growing, the public sector has to enter into the picture in order to keep some revenue in the pockets of those who are unemployed. But on the whole we hope—and this is one of the statements in the budget speech and we reiterated that in the White Paper on Inflation—that we would like as a general policy that the public sector should not take more out of the economy than is reflected by the growth in the Gross National Product. But you have your ups and downs in that area depending on the period of time you are talking about.

**Senator Grosart:** Would it be fair to say that that is a long-term government policy?

**Hon. Mr. Chrétien:** Yes.

**Senator Grosart:** Would that refer to federal expenditures or to expenditures at all levels?

**Hon. Mr. Chrétien:** Well, we cannot speak for provincial or municipal governments, but it should be the goal of government over future years not to take more than the growth in the GNP.

**Senator Grosart:** There seems to be a rather higher number than usual of \$1 transfer items. What is the real effect of these deferrals or delays? Are these really savings or are they just postponements of spending? In other words, is it just a device?

**Hon. Mr. Chrétien:** What is happening, as I have explained earlier in my statement, is that I have tried to reduce the expenditures by \$950 million as mentioned in

the June budget, but at the same time the Minister of Finance has said that we would spend more money on housing, and taking those savings I was making and to put some money into, for example, LIP programs or Opportunities for Youth or student employment and so on—but when I went to shop around to get some of the ministers to cut some of their expenditures, one of the techniques I used was that I said, "Your quota is that much" and then I left them to choose their priorities. So when they wanted to transfer some money, because they were short of money, then they had to change their priorities within their departments and they have to have those \$1 items to enable them to switch money from one program to another. So I left them some flexibility in that as long as they were willing to contribute to the cutting exercise. I would go to a minister and I would say, "Your contribution is \$50 million" and he would say, "All right, I will do it, but give me the freedom to move within my own budget." I think they should be free to do that. They are politically responsible for their priorities within their departments.

**Senator Grosart:** I agree with that. I was really asking what was the long-term effect. Are these really savings, assuming that many of the expenditures are in effect statutory? They have been postponed. I added them up very quickly. For example, the deferrals in Schedule A of the one dollar items, the transfers, although there are other transfers, according to my arithmetic, add up to about \$35 million. Is that actual saving or will that money necessarily be spent next year or the year after?

**Hon. Mr. Chrétien:** Some of the things postponed in June had the backing of legislation telling us to go ahead. I am still working on some of them, because I want to make sure that next year the growth in the budget will not be too substantial. Some of these things I will have to go at again and ask them not to proceed, or give them orders not to proceed. However, when there is a statute backing an expenditure, I think that has to be done from year to year unless the legislation is amended. For example, one program that was postponed I cannot name today. We are not proceeding with it in the House, in spite of the minister. When we prepare a budget we do it for one year and the same problem can appear from year to year.

**Senator Grosart:** So we can say, can we, that a very high number of the \$1 transfers are due to the constraints you have placed on the totals of departmental expenditures?

**Hon. Mr. Chrétien:** Many of them were based on that.

**The Deputy Chairman:** I am a little confused with the statements made. Going through the dollar items, it seems that most of them are funds made available because of a hold-back in a program, that the expenditures will be made in the next year or the following year. As one goes through the dollar items, one sees the Secretary of State as an example—we will go through them as we deal with them department by department—and it says:

Source of funds—Vote 20—(\$479,999)—Funds will be available since the proposed grant to the Massey Hall will not be fully utilized pending agreement with the Province of Ontario and Massey Hall.

That means eventually it will be spent. It seems to me that what has happened in many of these cases is that the money would not be spent in this budgetary year, so the department seems to be searching around for other ways to spend the money rather than just cancelling that program. It says in one of the items:



the purchase of a sculpture to be presented to the City of Kingston in recognition of that city's tercentenary (\$70,000).

It seems to me that was probably an unnecessary type of expense that might reduce the total budget. I only throw that out for consideration.

**Hon. Mr. Chrétien:** In that situation, when one department wants to do something like that, I do not know that it is important for Canada to present a souvenir to the City of Kingston because of their tercentenary. The Secretary of State decided to do that, but they had to find the money within their budget, so they went to one of their votes to find it. I more or less refused, because we did not want to give them supplementary money for that, so they found some money within their budget, which is all right. You can question the minister when he comes about the validity of presenting something to the City of Kingston. I am sure that nobody would accuse the government of being too partisan there, because it is not a constituency held by a Liberal.

**The Deputy Chairman:** It seems to me, from these dollar items, that there is actually no saving in the total overall expenditures. If a program is being delayed they search for another program in order to spend the money.

**Hon. Mr. Chrétien:** You will learn very quickly, if you ever become President of the Treasury Board, that you find that all the time.

**Senator Smith:** Let me illustrate this one-dollar question and your own point, Mr. Chairman. I am not asking for any details, but I would draw attention to what seems to me the largest of them, \$23,999,000, Vote 10a in Public Works. The explanation seems to indicate that this money will be spent in the current year. The explanation reads:

To provide for the increased operating costs of new and existing Crown-owned accommodation, the renegotiation of existing leases at higher rates and escalation payments in leased accommodation; additional leased accommodation for government departments.

That would lead one to think that the \$23,999,000 was intended to be spent in the current year.

**Hon. Mr. Chrétien:** Yes, they had to cut from their capital expenditure to get that money rather than have a supplementary. We said, "If you are confronted with that kind of increase, you find the money," so they decided to spend less on capital in order to pay their bills. All those things seem to be bills that they have to pay. When a lease comes to an end it has to be renewed, and they have to take that opportunity to try to get a better deal. Inflation has to be calculated, the costs of operating the building, of fuel, taxes and so on. It is normal for the cost of the lease to go up.

**Senator Smith:** I am not disputing that. I was just trying to follow the chairman's point, that really in large measure it was not a postponement or deferment, but a change in expenditure for the current year.

**The Deputy Chairman:** A change in nature.

**Senator Smith:** I should also like to ask a general question about how the latest estimate of the rate of inflation during the current fiscal year compares with the 15 per cent estimated growth in expenditures.

**Hon. Mr. Chrétien:** I am not the one who makes these forecasts for the government; that is done by my colleague, the Minister of Finance. The rate of inflation so far seems to be around 10 per cent. Perhaps it is a little more for the whole year. I do not know exactly what it will be. I just read the figures every month when they are issued. There is likely to be a 10 per cent rate of inflation minimum increase this year. We hope that the policy initiated by the Minister of Finance in October, with wage and price controls, that next year it will be somewhat lower than that. We have in mind the 8 per cent we have allocated into the program to take into account the rate of inflation. However, I am not the one who makes the official prediction for the government in that respect.

**Senator Smith:** I am merely asking for whatever information you have.

**Hon. Mr. Chrétien:** In terms of expenditures so far, we can see that inflation seems to be around 10 per cent when we make our calculations.

**Senator Grosart:** I should like to ask a supplementary question on that, because I was going to come to it later. I refer to Vote 10a Public Works, from which you transferred some \$24 million. Roughly what items have been cut back in the Public Works accommodation program?

**Hon. Mr. Chrétien:** I cannot tell you. We can provide you with the information, but I do not have it with me.

**Senator Smith:** I suppose at some time the committee might reasonably expect a list of the leases or whatever other items are referred to specifically in this explanation.

**The Deputy Chairman:** We could ask for that information if we wish to have it, either from Mr. Chrétien's department or from Public Works directly. If you wish to pursue that further, we can do so.

**Senator Smith:** I would like to, yes.

**The Deputy Chairman:** You would?

**Senator Smith:** Not at this moment. I would not expect the minister to have it with him. I am just asking if it can be provided.

**Hon. Mr. Chrétien:** Yes, it will be provided.

**Senator Smith:** Let me be a little more specific. I should like to see a list showing the premises involved and a comparison of either existing or previous rates with the increased rate of rental, or whatever it may be.

**The Deputy Chairman:** Are you asking for specific details, a breakdown of this \$24 million item?

**Senator Smith:** Yes. It is such a large one that it does attract curiosity.

**Hon. Mr. Chrétien:** If you ask for all of them, that could involve a lot of little leases here and there. I think what you really want is a couple of good examples of what is happening in that respect. We can provide you with a full list if you want it.

**Senator Smith:** I do not want to put anybody to any unnecessary labour, but I would not like to say that only two or three examples would be sufficient to explain the size of the figure.

**Hon. Mr. Chrétien:** We will try to provide you with a satisfactory answer. Perhaps one or two would not be

enough. We will try to give you a sufficient number of examples so that you will be able to pass judgment on the changes that are happening in that field.

**Senator Smith:** I suppose that by the very nature of the explanation this in large measure, at least in renegotiating the existing leases, deals with privately owned premises.

**Hon. Mr. Chrétien:** Yes.

**Senator Smith:** I suppose in supplying examples one could supply the names of the owners.

**Hon. Mr. Chrétien:** I believe that information is public. After all, if we rent a building, we rent a building. We are not hiding the owner of the building. We can provide you with the names of those who own the buildings.

**Senator Smith:** I would reassure the minister that I was not suggesting that anything was being hidden.

**Hon. Mr. Chrétien:** It is public information and we can give it to you.

**The Deputy Chairman:** Thank you, Mr. Minister.

**Senator Grosart:** To clarify that, Mr. Chairman, we are dealing here with specific votes, and in particular Vote 15 of Appropriations Act No. 3, 1975. I think what we are asking for is the major specific items that have been delayed in order to transfer this amount. I raised this question here before because it relates to the larger question of public policy: that is, when Parliament has authorized the expenditures on certain specific items and a later decision is made at the executive level not to go ahead with what Parliament has authorized, what is the position of those who were relying on the fact that these particular items would be proceeded with? For example, a member of Parliament, after announcing in his riding that a certain Public Works project will go ahead, suddenly discovers that there has been another decision.

**Hon. Mr. Chrétien:** He calls me and gives me hell!

**Senator Manning:** On the point which Senator Smith has just raised about the information being produced, I believe it would be necessary, for the purpose of the committee, for the information to show a distinction between the revision of rentals, which I gather is included in this where rates have increased on property which was already leased, and how much of this increase is due to the addition of new lease property altogether. That is the thing that indicates the growth of government bureaucracy. So often we think of government growth from an expense standpoint only in terms of additional bodies and additional salaries and wage costs. We forget that every time these expansions take place there has to be additional office space and all the facilities that go with it, which is undoubtedly reflected in this figure. I would certainly be interested to know how much of it is due merely to rent increases on property already under lease and how much is due to new space which is necessary because of the growth of the public service.

**Hon. Mr. Chrétien:** That is a good question, Senator Manning.

**The Deputy Chairman:** Mr. Minister, it appeared to me in reading that that a large portion of that should have been anticipated in the original Estimates. Could that not

be true? It seems to me that perhaps it was bad budgeting if we now have to come back with \$24 million. Cannot the Department of Public Works estimate the potential cost of increase in rentals or, of course, in additional accommodation that may be required?

**Hon. Mr. Chrétien:** Mr. Chairman, it is difficult to make precise forecasts. I do not feel competent to answer that aspect. Of course, there is the cost of maintenance which is going up all the time, and sometimes we may underestimate what the cost will be, because these things vary from one city to another depending on the availability of space and so on. Naturally it would be preferable if the department were right on target when it makes its predictions, but I think it would be hoping for too much to think that a department such as the Department of Public Works could be on the mark all the time.

**Senator Yuzyk:** On page 80, under "Parliament. House of Commons. Budgetary," Vote 5a deals with the payment to Réal Caouette, which is an exemption from section 10 of the Senate and House of Commons Act. How long will this continue?

**Hon. Mr. Chrétien:** Because Mr. Caouette is the leader of a party consisting of 11 members rather than 12, and probably also due to his long standing in the House of Commons and the contributions he has made to the political life of the country, it was felt by all the members of Parliament—and the decision was taken by the House of Commons—that we should make an exception for him in the Estimates. So we are asking for the authority to pay him this amount of money this year, notwithstanding his bad luck of having one less seat. The matter was debated in the House and there was agreement by all parties that he should receive this consideration. I am not always in agreement with Mr. Caouette, but I must say that he has contributed much to the political life of this nation, and especially on one front, that of national unity. Mr. Caouette has always been a forceful speaker on that subject, and owing to his seniority and his distinguished service in the House of Commons, I, personally, am not at all shy or hesitant in giving him the same salary as if he had won another seat. You know, I did not help him to gain any more seats.

**Senator Yuzyk:** Can the matter not be regularized by amending the act?

**Hon. Mr. Chrétien:** No, I do not think so. It is an exceptional situation. We have to keep in mind the fact that he had run his party with more than 12 members for many years and then was suddenly confronted with this unusual situation. We kept that historical pattern. If there was a new party to be formed tomorrow with 11 members we would not likely apply the same considerations. This was a special case with Mr. Caouette.

**Senator Langlois:** Or even to his successor.

**Hon. Mr. Chrétien:** We would have to reconsider the matter if he had a successor. That would be up to the House. My personal impression is that the long service of Mr. Caouette with relation to all the members of the House has led to the decision. But it was decided that we did not want to change the pattern because if we were to go to 11, then the year after if there were a party with 10 members we would have to go to 10, and then to nine, and so on. We do not want to be caught up in that kind of situation. We still think the number 12 is fair.



**Senator Yuzyk:** This exception applies only to Mr. Caouette?

**Hon. Mr. Chrétien:** Yes, and it is renewable from Estimate to Estimate.

**Senator Langlois:** From year to year.

**Hon. Mr. Chrétien:** Personally, I am not embarrassed at all to make the recommendation.

**Senator Benidickson:** Mr. Chairman, there does not seem to me, as I read quickly, to be a relationship between the items of \$5,300 and \$5,600 referred to on page 80, Vote 5a, and then the figure of \$869,826. What is the relationship between them? It does not seem to be an appropriate extension.

**Hon. Mr. Chrétien:** This is the expenditures of both the House of Commons and the Senate. There was some increase this year as you know. I can provide you with the specifics of it. Among other things we had to identify the particular problem of a payment that was not authorized by law for Mr. Caouette; so that is why we had to extract this problem from the bigger vote, just because we needed legal authority to make that payment. However, the rest of the supplementaries, \$869,000, is the increase in the cost of operating the House of Commons and the Senate.

**Senator Carter:** I would like to come back to Senator Grosart's line of questioning and clarify one point. Regarding this \$1.7 billion for the total estimates, did I understand the minister to say that most of this is composed of budgetary items?

**Hon. Mr. Chrétien:** Yes, most of it. I think we have the list here.

**Senator Grosart:** All but \$98 million.

**Hon. Mr. Chrétien:** \$98 million is non-budgetary, and the rest is budgetary; but you have to divide the budgetary into two categories, the statutory payments and the items to be voted. The items to be voted are \$1.1 billion, the statutory payments are \$524 million, and the non-budgetary items are \$98 million.

**Senator Carter:** You told Senator Grosart that your aim is for an increase of 15 per cent. You are trying to keep expenditures within a 15 per cent limit over last year.

**Hon. Mr. Chrétien:** Yes.

**Senator Carter:** That compares with what—seventeen per cent for the previous year?

**Hon. Mr. Chrétien:** The previous year, the increase, from year to year, was 24 per cent.

**Senator Carter:** So you have got it down from 24 to 15.

**Hon. Mr. Chrétien:** I said 16 in February. Now I am speaking of 15.

**Senator Carter:** Inflation is still moving at the rate of 10 per cent, of course.

**Hon. Mr. Chrétien:** About that.

**Senator Carter:** So that even with this restriction we are not going to have a very great impact on inflation as far as government spending is concerned, because you are still at a figure that is higher than last year, anyway. Have you got another target for next year?

**Hon. Mr. Chrétien:** I am working on the target, senator. I will tell you what the target will be when I table the estimates—the blue book—in February.

In this regard I am confronted with other types of program problems. To give you an example of the problems I have, we are paying the deficit in the unemployment insurance payments a year later. That is one of the problems. The cost of unemployment insurance is going up. We are trying to do something about it, however. We are raising the revenue side so as to reduce the deficit, but as we pay one year later, we pass the legislation for next year. Right now it is in the House of Commons. What will happen is that I will pay the deficit next year for 1975-76, but it will be higher, so it is an expenditure that makes our life a bit more complicated. The deficit of unemployment insurance will be very substantial during the year. I do not know if the minister has made any public statements about it, but it will be between \$1.5 billion and \$2 billion.

**Senator Carter:** This year you have restricted expenditures in many cases by telling the other ministers and their deputies that they have to contract their expenditures, but that it is up to them to arrange their priorities.

**Hon. Mr. Chrétien:** Something like that. I made them an offer that they could not refuse, in some instances, but really, you know, most of the ministers were left to choose within their departments what could be compressed.

**Senator Carter:** From what we see here in the estimates, they have chosen to postpone capital expenditures and transfer the amounts saved to what are more or less operating expenses.

**Hon. Mr. Chrétien:** That was the case with regard to Public Works, yes.

**Senator Carter:** Well, that is your biggest item, is it not?

**Hon. Mr. Chrétien:** Yes. That is one big item, but in relation to the total supplementaries it is \$24 billion as opposed to \$1,700 million.

**Senator Carter:** Yes. In other instances they have transferred money from programs which are continuing programs, but which do not have to be met in full this year. They can restrict their programs somewhat. That, too, has been transferred to operating expenses. The point I am driving at, however, is this, that you cannot go on doing this forever. Capital expenditures will have to be made some time.

**Hon. Mr. Chrétien:** I know that.

**Senator Carter:** And programs will have to be met some time. How are you going to get out of this bind?

**Hon. Mr. Chrétien:** We were confronted with quite a difficult situation with regard to the growth of the Public Service, and Senator Manning made that point, I believe. This is one of the problems that we were confronted with, but I think, somehow, we will manage to resolve the difficulty. As you know, we had an annual increase for two years at a level of growth of close to 7 per cent in the number of civil servants. I have reduced it for this fiscal year to 4.1 per cent, and later on, in June, I will arrange another cut of 1 per cent, so that the rate of growth for this fiscal year, over the previous fiscal year, will be 3.1 per cent. The forecast for next year will permit a growth of only 1.5 per cent, and I am still trying to reduce it to 1 per cent, if I can. It is virtually a freeze, because the only



departments that will have some new man-years next year will be departments such as the RCMP, because of the growth of the population, and the need for certain services, like the Department of National Revenue.

We have introduced a new tax on gasoline, and the department needs many man-years in order to handle that rebate to certain taxpayers who were not supposed to pay that new tax. That is the kind of problem we have to face, and a 1.5 per cent increase in the number of public servants is not much in the way of man-years. We are trying to control the growth in that way. Some departments, however, are confronted at this time with adjustment problems, and that is why they still need more money to cope with their operational costs.

**Senator Carter:** To come back to my comparison again, you are aiming at restricting growth to 15 per cent as compared to 24 per cent.

**Hon. Mr. Chrétien:** Some will say that that is not very much of a restriction.

**Senator Carter:** What I want to get at is that the 15 and the 24 do not seem to me to give the correct picture. To get the correct picture you have to go back to the previous year in which the 24 per cent increase occurred. What would the 15 per cent translate itself into if it were applied to the previous year's expenditures—that is, the year in which the increase was 24 per cent?

**Hon. Mr. Chrétien:** What would have been the situation that year?

**Senator Carter:** Yes. If you applied to it the figure that you applied the 24 per cent to, what would the 15 per cent figure be? It is obvious that it would be more than 15 per cent, because the 15 per cent is now applied to a bigger base.

**Hon. Mr. Chrétien:** Yes, of course. The 15 per cent starts from a bigger base. If you talk in terms of actual dollars, it could be exactly the same amount of money, but you have to realize that the population is growing, there is inflation to take into account, and there are new services to be provided.

**Senator Carter:** I am looking at it from an inflationary point of view.

**Hon. Mr. Chrétien:** What has changed dramatically is that in this series of supplementaries there are only two items in the way of new programs, namely, the spouses' allowances of \$45 million, for the woman who is married to a man who is receiving his old age pension, so that if she is 60 she can get a contribution from the government, and then the special employment program introduced by the Minister of Finance in his budget. These are the only new programs that are mentioned here. The rest are just bills, really, that I have received, and which I could not escape paying.

I do not think anyone would suggest here this morning that we should not pay the interest on the national debt, for example, which was another estimate of \$200 million. I am told that this is because the Minister of Finance predicted a lower rate of interest than we actually have, and this is why we have to pay the \$200 million. These are the kinds of expenditures we have to face. Do not ask any man in my position to cut an item such as the interest on the national debt. I could, but it would create a hell of a mess in the nation.

**Senator Langlois:** How can you achieve this control of the growth in the number of civil servants? Is it by asking them to work longer hours, or by curtailing the departmental services or activities?

**Hon. Mr. Chrétien:** What we are telling them is in fact that if they want to give exactly the same services they will have to be more productive. I think there is room for improvement in productivity. I think we have a very good public service. In fact I was caught in a kind of controversy this summer when I compared the federal public service in Ottawa with another. I spoke my mind and had to pay the price for it. Most of the departments will have new man-years next year, some will have reductions. They have to come to us and ask us for the number of man-years they need for next year and this is where we control them. They cannot have more than we authorize. As to what will happen within each department itself, that is a different problem. Their services may be, perhaps, a little less quick, but I think there is room for an increase in productivity. There are a number of good civil servants who are working very hard but there are others who do not work quite so hard. Sometimes in June the most dangerous place to be in Ottawa at 4 o'clock in the afternoon is in the doorway of any department because the people are going out quickly. Managers will just have to try to get more out of their people.

**Senator Langlois:** Or impose a speed limit.

**Senator Grosart:** I should like to ask a supplementary question about the handling of the deficit in the unemployment insurance. It is an anomaly, of course, in the methodology of the public accounts. I know that at the moment you are governed by the act, but has any consideration been given to bringing this into line with the general practice in the estimates, that is of estimating in advance the possible deficit and providing for it in the main estimates?

**Hon. Mr. Chrétien:** Yes, I have thought about it, and I think it would be a more normal situation. I am told the reason they do it this way is that they do not want to forecast publicly the level of unemployment because that could create some problems in itself. One of the problems I would have if I were to try to do that this year, for example, is that I would have to take the two years' deficit in one year's budget, and if you were to ask me to do it right now, I could do it but then do not ask me to stay at 15 per cent. The problem is that if you make that change then you are confronted with having two deficits in the same year, and it is not too happy a situation. One can be branded as a "big spender". If I had a unanimous resolution from all the members of the Opposition that they would not hold it against me, then I would do it.

**Senator Grosart:** We will try and arrange it.

**Hon. Mr. Chrétien:** I am looking into it, and I would like to do it but I do not know what the psychological effect would be. People would just look at the big figures and they would say, "Chrétien misled the house because he said he would keep it under 16 and now here he is confronted with 19 or 20 and he is a lousy President of Treasury Board." You know, I am just arriving and I am not ready to go right away.

**Senator Benidickson:** Mr. Chairman, I think I have indicated to you already—and this is an old story with me—that I think it is inappropriate to have a meeting of

this committee on a Wednesday morning. I have to go to two other meetings this morning and, therefore, with your permission I shall scrap the alphabetical order in connection with the examination of the estimates.

**The Deputy Chairman:** Please do.

**Senator Benidickson:** First of all, I noticed in the House of Commons *Hansard* last week that in the other place these supplementary estimates will be parcelled out to 12 or more separate committees, according to their jurisdiction over different disciplines and interests. Have you set for the House of Commons and for the different committees to which these will be sent a target date for reporting back to the house?

**Hon. Mr. Chrétien:** There is a rule in the House of Commons that they have a certain length of time to look at the estimates and report them back to the house, and I understand that they have up to December 10 to do so.

**Senator Benidickson:** I just want to make the point, Mr. Chairman, that I do not think we have to rush on these things, and I think that certain matters may well be raised in the committees of the other place which may arouse our interest as well. Is there anything in the supplementary estimates to cover the new commission that was set up after the tabling of the main estimates? I am referring to the Robert Bryce commission. Is that in Consumer and Corporate Affairs?

**Hon. Mr. Chrétien:** I think it is in the Privy Council Office.

**Senator Benidickson:** Can you tell me the amount?

**Hon. Mr. Chrétien:** Yes, we will provide it to you.

**Senator Benidickson:** Can you give me the amount or tell me the amount?

**Hon. Mr. Chrétien:** Yes, it is \$1.1 million.

**Senator Benidickson:** Then I notice under Industry, Trade and Commerce, page 50, Vote L36a, a reference to a loan in connection with the de Havilland Aircraft agreement. I wonder if, before we conclude our hearings, we could have a comprehensive statement as to what our obligations will be under any agreements relating to the de Havilland Aircraft Company which we have discussed in this committee previously, and also what would be involved if we exercised our options with respect to Canadair. Could we have coupled with it a statement as to what our expenditures have been so far with respect to the STOL service between Montreal and Ottawa and what the operating results have been on that.

**Hon. Mr. Chrétien:** I think, senator, you will be well advised to ask those questions when the two ministers concerned appear before the committee. I do not think that I can speak about the policies of every department.

**Senator Benidickson:** I know that, so I am just giving notice. I am not expecting you to speak for them. I think we could have the ministers concerned, or perhaps Treasury Board officials could supply us with a summary of what our commitments have been and will be under existing options and agreements.

**The Deputy Chairman:** Are you asking this morning, senator, if Treasury Board will supply that information?

**Senator Benidickson:** Yes.

**Hon. Mr. Chrétien:** We will give you the details, but I do not think that my officials can come to discuss the policies.

**Senator Benidickson:** I appreciate that. We may decide, after we have seen the summary, that we would want to see the minister on the matter of policy. The other item for this morning, Mr. Chairman, that I wonder if we could have a simple or short statement about, refers to the item on page 24, which we have ever-present now, with respect to the Energy Supplies Allocation Board—an additional \$385 million which will bring for the current year our output or outgo in this respect and under this item to \$1.685 billion. My recollection is that to offset this, we have certain new taxes coming in, and I was wondering how the anticipated outgo—the allocation of \$1.685 billion to reduce costs to consumers of gasoline and fuel oil east of the Ottawa River—will work out.

**Hon. Mr. Chrétien:** East of the Ottawa Valley, not east of the Ottawa River, because part of this is paid to Ontario too.

**Senator Benidickson:** That is what I wanted to know—what that line was. It is the Ottawa Valley.

**Hon. Mr. Chrétien:** Yes.

**Senator Benidickson:** What do you estimate to be the income under these taxes?

**Hon. Mr. Chrétien:** Well, the income side is not very much in my field. I deal mainly with the expenditure side. I think the tax was supposed to produce over \$200 million or \$250 million or something like that. I am speaking from memory. It was spelled out in Mr. Turner's budget speech in July.

**Senator Benidickson:** Perhaps we could get some kind of memo on that.

**Senator Langlois:** This is the export tax.

**Hon. Mr. Chrétien:** No, it is not the export tax. Are you asking about exports?

**Senator Benidickson:** When the policy was established, I think after a conference with the provinces, we were told a year and a half ago, or whenever it was, that the income from new sources of tax or tariff, whatever you want to call it, would roughly balance with our expenditures to relieve costs to the consumers east of the Ottawa Valley.

**Hon. Mr. Chrétien:** Now the picture has changed dramatically, because we are exporting less to the United States than we were at the beginning of the program. The National Energy Board is not allocating any more, or selling that much oil to the Americans. I also understand that the northern states are not taking as much from Canada. There is a difference in price. The Canadian price is level and the American price is higher; we were taking the difference for that subsidy. As we export less we have less money, so we have to impose this tax to bring in something like \$250 million, plus the revenue coming from the Americans, if I can describe it in that way. We have to add the subsidy to it from general consolidated revenue. I do not know the figures exactly. I will try to provide you with them.

**Senator Benidickson:** That is what I would hope.

**Hon. Mr. Chrétien:** There will be a substantial deficit, combining both the revenue from the Americans and the



taxes next year. There will be a deficit which will have to be paid out of consolidated revenue. I would like next year, if possible, to have a system that will make it clearer. Perhaps it will be a good item where we should have a net vote, because the nature of the program is temporary. Under the present system people do not know exactly how much consolidated revenue is paying towards the deficit.

**Senator Benidickson:** At the beginning it was estimated the income would about balance the outgoings.

**Hon. Mr. Chrétien:** At that time it was true, and it would still be true today if we had kept at the same level of exports to the United States. However, that has been curtailed for two reasons. Apparently the reserves in Canada are not good enough, and I also understand that the northern states are consuming less oil from Canada than was predicted. There is another factor. I believe the Americans have been better than the Canadians in that they have managed to reduce their consumption of hydro-carbons. I think they have effected a reduction of 5 per cent, or something like that, whereas in Canada we have increased our consumption by more than 5 per cent, which makes a 10 per cent difference right there. This is a problem in Canada; we never think we have an obligation to exercise restraint on anything, including oil.

**Senator Smith:** In describing the area in which this expenditure is made this phrase appears:

—products to consumers primarily in the Atlantic Provinces,

and so on. I had thought it was altogether in that area.

**Hon. Mr. Chrétien:** We must make a clear distinction because of the reference made by Senator Benidickson. The area covered by subsidy is the eastern part of Ontario, Quebec, New Brunswick, Prince Edward Island, Nova Scotia and Newfoundland. It is not only the Maritimes.

**Senator Smith:** I thought that was the case, but the word "primarily" is used to describe the area where the expenditures are made, and then there is the naming of what you have just said, which leads me to wonder if there is some other area.

**Senator Langlois:** The word "primarily" should be struck out.

**Hon. Mr. Chrétien:** I don't think there is any other place. I do not think the word "primarily" should be there, because anyway I have difficulty pronouncing it!

**Senator Grosart:** I think there is a reason for it, Mr. Minister, which is that it refers to the consumer, not necessarily to the point of sale.

**Hon. Mr. Chrétien:** It is related to consumers more than to the provinces?

**Senator Grosart:** Yes.

**Hon. Mr. Chrétien:** It could be.

**Senator Benidickson:** I think it should be inquired into.

**The Deputy Chairman:** May I say at this point that I intended to ask at the end of our meeting this morning that the committee not report, but that we leave the hearing open until a later date in case we wish to call further witnesses. It is not necessary that we should report now. We have until at least December 10, so we will leave the session open.

**Senator Yuzyk:** With respect to the Montreal-Sarnia pipeline, I believe a deficit is projected for the first half of 1976. Could we get that information?

**Hon. Mr. Chrétien:** I am not the minister responsible, but speaking from memory of conversations I believe the hope is that the pipeline will be completed some time next summer, in 1976. That is another complication for me in preparing my estimates for next year, because the picture can change very much depending on the time the oil is flowing into that pipeline to Montreal, when the imports from abroad will be different. It is a very complex problem with which I will be confronted next year in preparing the estimates. We do not know when the oil will be on stream, which makes a great difference. If we take the oil from the West direct to Montreal there will be much less imported from abroad and the subsidy will go down, because the oil produced in Alberta is probably the cheapest oil available in the world today, anyway for Canada.

**Senator Yuzyk:** There is no projection of a deficit in the construction of this pipeline?

**Hon. Mr. Chrétien:** We are not building the pipeline; it is being done by a private company; Interprovincial is building the pipe. There is an agreement with the government that if there is not enough oil to effect a certain contribution, if the pipe is not full of oil for any reason, there is some sort of guarantee that they will be paid anyway. However, it is not our own operation so we cannot make a very precise prediction. The date is not known; the oil is not yet flowing, so it will be a problem with which I will be confronted when I table my estimates next February.

**Senator Yuzyk:** Is it correct to say that the National Energy Board has recommended a reduction to 500,000 barrels per day?

**Hon. Mr. Chrétien:** To be produced in Western Canada?

**Senator Yuzyk:** To be exported to the United States.

**Hon. Mr. Chrétien:** I do not have the figures. I think they have recommended that we reduce the level of exports to the United States, yes, but I cannot tell you the level they have recommended.

**Senator Yuzyk:** What is the export right now?

**Hon. Mr. Chrétien:** Now? I do not know. We will provide that information to you later.

**Senator Yuzyk:** If there is going to be a drastic reduction it will produce a deficit in this respect.

**The Deputy Chairman:** It has already produced a deficit, I believe.

**Hon. Mr. Chrétien:** It was reduced many months ago, and the debt has produced a big deficit already. The deficit is being paid partly by new taxes and partly through the general revenues.

**Senator Yuzyk:** Thank you.

**The Deputy Chairman:** If you will, honourable senators, we can start on page 8, with Agriculture, and go through the Supplementary Estimates one at a time.

**Senator Grosart:** Before we do that, could we finish dealing with the one-dollar items?



**The Deputy Chairman:** Certainly. I thought we had finished with those, but go ahead.

**Senator Grosart:** In the \$1 items, Mr. Chairman, there is a reference on page C-2 to the Massey Hall situation. This is a transfer, but I believe there is also another item indicating a deferral of the Massey Hall project somewhere else in the supplementaries. Could you give us the background to the Massey Hall situation in Toronto?

**Hon. Mr. Chrétien:** I believe the money was provided because we expected to have an agreement with the province and this was to be our contribution, but there is no such agreement and we are not spending the money. Unfortunately, senator, I cannot give you the whole background. All I know is that the money will not be spent on that this year.

**Senator Grosart:** Could we have a memorandum setting out the total amount and the deferrals as well as what has been done with the money already appropriated for that, because I am quite sure that it is more than the deferral indicated on Page C2 of the \$1 items.

**Hon. Mr. Chrétien:** I am informed that \$2,500,000 was established in the main estimates.

**Senator Grosart:** But the transfer here from Vote 20—

**The Deputy Chairman:** Is \$479,000 the figure you are looking for?

**Senator Grosart:** Vote 20a, that is this vote, is the transfer from Vote 20 in the main estimates, and there is only \$481,000. My question is: What is being done with the other money already appropriated? I am sure there is a reference to it somewhere else in the supplementaries.

**Hon. Mr. Chrétien:** The money has not been spent. We still have it. It will simply lapse.

**Senator Grosart:** I am sure there is another item here, but I have not been able to find it.

**The Deputy Chairman:** Senator Grosart, on page A-3 under Secretary of State it says:

Source of Funds—Vote 20—(\$479,999)—Funds will be available since the proposed grant to the Massey Hall will not be fully utilized pending agreement with the Province of Ontario and Massey Hall!

**Senator Grosart:** Thank you. So there are two references. That is what confused me. If there is a substantial amount lapsing, perhaps we could have it shown, if it has actually lapsed.

**Hon. Mr. Chrétien:** We will know at the end of the year.

**Senator Grosart:** The other question on the \$1 items has to do with the new classification. What is its purpose, particularly in relation to class "B" and "F"? We are dealing here with actual amendments to legislation; "A" now breaks it down only to amendments to previous appropriation acts and "C" breaks it down to amendments to other than appropriation acts, and it seems to me that "E" is also a formal amending legislation by \$1 items. Why do we not put them all together and admit that in all of these cases we are using \$1 items to amend existing acts of Parliament? Is there some purpose in breaking it down into these separate categories?

**Mr. R. L. Richardson, Assistant Secretary, Treasury Board:** As I understand it, Senator Grosart, the only reason

for breaking it down was to ensure that we were not grouping them all together so that you could not sort them out as to the slight difference in nature of the purpose of the \$1 items. We have tried to break them down as finely as possible to enable senators to understand the slight difference in the nature of each part.

**Senator Grosart:** As a supplementary to that, would the minister agree that the items in "E" are, in effect, amendments to existing legislation? The phrase is "to authorize the extension". Surely to authorize the extension of an act is to amend it.

**Hon. Mr. Chrétien:** Yes, it is of a different nature, but it is amending legislation in that sense. Yes.

**Senator Manning:** Mr. Chairman, in Schedule A, page 3, under Veterans Affairs there is a reference to a write-off of a debt of \$8,734,000. Could we have an explanation of that?

**Hon. Mr. Chrétien:** I believe that is \$8,734, senator.

**Senator Manning:** Oh, yes. I am sorry.

**Hon. Mr. Chrétien:** That is a small matter which was provided for by the Treasury Board, but I cannot remember the nature of it or the details.

**Senator Manning:** That is all right.

**The Deputy Chairman:** If there are no further questions on the \$1 items, honourable senators, could we then turn to the departments and go through them? We have Agriculture on page 10. Are there any questions there? If not, I have one myself. Under budgetary items on page 8, \$5,336,000 is for animal contagious diseases. That is for the brucellosis program, and I wondered if that was covered under a bill which is now in the House this year.

**Mr. Richardson:** No, Mr. Chairman. It simply comes under the Animal Contagious Diseases Act as the legislative authority. It would not have any bearing on the bill which is now before Parliament. This is really dealing with an outbreak of the disease which has been worse than anticipated. Therefore additional expenditures were necessary and it all comes under the act.

**The Deputy Chairman:** Are there any further questions on Agriculture? On page 12 we have Communications. We also have Consumer and Corporate Affairs. Are there any questions on those?

**Senator Grosart:** I have one question on that point. There seems to be a fairly substantial addition to manpower here, 191. Is there a particular reason for that?

**Hon. Mr. Chrétien:** Where do you see that, senator?

**Senator Grosart:** It is on page 18. It is the last figure on the page, actually.

**Hon. Mr. Chrétien:** I am told it is the revision of the Bankruptcy Act and the Combines Investigation Act that has brought about that change in man-years.

**Mr. Richardson:** I am sorry. You are looking not at the department, senator, but at the Anti-Inflation Board. Page 18 is the Anti-Inflation Board. I thought you were looking at the Department of Consumer and Corporate Affairs estimates.

**Hon. Mr. Chrétien:** I am sorry, senator. I withdraw what I said. It is the commission headed by Mr. Pepin.

**Senator Grosart:** That is the total new staff required by Mr. Pepin's board?

**Hon. Mr. Chrétien:** Yes.

**The Deputy Chairman:** Energy, Mines and Resources, page 20.

**Senator Grosart:** I would like to refer to this interesting reference to the contributions to the joint Canada-Nova Scotia and New Brunswick tidal power studies. Are we seriously looking for energy in the form of tidal power in the Bay of Fundy?

**Hon. Mr. Chrétien:** We are looking into that. I do not know if it is economically feasible to do it. I think any new source of energy will be welcome in the present context, but we do not know enough yet to say if it will be economic to use the tides in that location. I have not the slightest idea. We are, however, looking into the problem in conjunction with the Nova Scotia government. We are very gratified we have two former premiers of Nova Scotia with us this morning.

**Senator Smith:** I am sure you are very gratified that one of them is "former" at least, I expect, but I was wondering if the minister had any information about the present status of the study.

**Hon. Mr. Chrétien:** Senator Smith, I cannot make any comment on that; I do not know anything about it.

**Senator Hicks:** In fact, if we had proceeded with the Bay of Fundy tidal project on the basis of the situation as it was in the 1960s, and before oil prices went up, with the increase in oil prices, and having built it at 1960s costs, we would be producing energy at economic prices today. Now, with escalating costs, the situation may change again.

**Hon. Mr. Chrétien:** If I may make a comment, I would like to say that I do not know about this type of project, but in my own opinion I think that the big development in James Bay, for example, is an excellent one, because this is a form of energy which, when the capital costs are over, is there for a hundred years. I come from Shawinigan, and I know a bit about electric power. The city was built on that, and I am sure that Hydro Quebec is now making a lot of money from the falls that are no longer falls at this time.

**Senator Hicks:** Generally, hydro power is relatively pollution free. I say, "relatively". It does relatively small damage to the environment, although I realize there is a controversy at James Bay on that subject, and it might very well be the case in the Bay of Fundy area as well.

**The Deputy Chairman:** Are there any further questions on that subject? If not, we will pass to Environment, on page 28.

**Senator Grosart:** We have not dealt with Energy, Mines and Resources yet, Mr. Chairman. May I ask a question on that subject arising from page 24? There is an item of \$15 million for the purchase of heavy water for lease or resale to Canadian and foreign users. Have we any information as to what our position is on that?

**Mr. Richardson:** That \$15 million is for a commitment that AECL had to purchase heavy water from the joint pool, with the intention of shipping it to India, when that was planned. That, however, has been held up because of the political situation with respect to shipping nuclear equipment to India. Consequently, they have had to have a

supplementary loan vote to cover their position until that arrangement is concluded.

**Senator Grosart:** If we are not supplying heavy water to India, why do we need any more?

**Mr. Richardson:** Well, this is just one item.

**Senator Grosart:** Who are we going to supply it to? This is for lease or resale to Canadian and foreign users. Who are we going to sell heavy water to, if not to India?

**Mr. Richardson:** There are a number of other customers for heavy water who wish to build up their own inventory.

**Senator Grosart:** But for what Candu reactors would we have a commitment to supply heavy water at such-and-such a price? I am asking what is the differential between our commitment and the price we are paying for this heavy water.

**Hon. Mr. Chrétien:** It is a question that very intimately involves matters of policy that you are asking of me this morning, senator.

**Senator Grosart:** I do not think so, sir. I am merely saying that we are providing \$15 million to provide heavy water. I do not know where we are buying it, and the purpose of buying it apparently is to lease it or sell it to Canadian and foreign users. If we are buying \$15 million worth of heavy water somewhere, I think the question that arises from this situation is not one of policy, but one of estimates, as to what we are paying for that heavy water, and what we are selling it for.

**Hon. Mr. Chrétien:** We will give you that information. I do not have it with me this morning.

**Senator Hicks:** Presumably we had undertaken to acquire the heavy water in order to pass it on to India, and we are obligated to buy it in any event.

**Hon. Mr. Chrétien:** I will not venture to give you a precise answer on it. It is an area in which it is very difficult to understand all the mechanisms involved, and I am not competent to do so.

**Senator Hicks:** It does not look as though we are going to be overproducers of heavy water in Canada for a while.

**Hon. Mr. Chrétien:** I do not know that. It is one of the questions that we are confronted with at this time. There is a change in the forecast of needs, and I think it could be that we would have an oversupply of it if new markets are not developed; but I am not sure as yet. I see various problems in the picture, and I would not want to make any further comments this morning.

As far as the precise question you are asking is concerned, senator, we will provide you with an answer.

**Senator Grosart:** The reason I ask—and it is not just a question off the top of my head—is that I have been at three science and technology conferences in Europe this summer, and this is the big question they are asking: "If we buy a Candu reactor, can we get heavy water?"

**Hon. Mr. Chrétien:** We can provide it. One of the problems that I foresee is that we are building a new plant at Gentilly. When it is finished I suppose it will create a different situation, but the relationship between the market and production creates certain problems at this time. This is a very difficult situation, because, if you do



not produce heavy water you cannot sell your Candu reactor. The people who want to buy Candu reactors want to be sure they will have heavy water, and if you do not produce enough heavy water they will not buy the Candu reactors. It is a "horse and buggy" type of problem.

**Senator Grosart:** Yes. Particularly so in Europe.

**Hon. Mr. Chrétien:** Yes. Reliability of supplies of anything is one of the biggest problems that exist in the international trade field right now. They want to know how reliable Canada is in regard to those things.

**Senator Grosart:** Yes, and on many other things.

**Hon. Mr. Chrétien:** Yes. We would like them to be as reliable themselves. If everyone were as reliable as Canada things would probably be a little better, but we have our own problems too.

**The Deputy Chairman:** Are there any more questions on Energy, Mines and Resources?

**Senator Yuzyk:** Under "E". This \$385 million is by far the largest item, is it not, in these supplementary estimates?

**Hon. Mr. Chrétien:** Yes.

**The Deputy Chairman:** The largest individual item?

**Senator Yuzyk:** Yes, The only other one is—what? External Affairs, I suppose. I want to know who the big spenders are.

**Hon. Mr. Chrétien:** The second largest is the national debt—the \$200 million—and there is another one of \$144 million, which is the spending program with regard to the creation of jobs: LIP and OFY.

**The Deputy Chairman:** Environment, page 28.

**Senator Hicks:** On page 26, "Vote 15a—Fisheries and Marine—The grants listed in the Estimates and contributions", and there you have a supplementary estimate which is more than three times as high as the original one. There should be some explanation for that.

**Hon. Mr. Chrétien:** This is the program to help the ground fish industry in Eastern Canada. There are some problems there and I do not know their exact nature, but I know that Treasury Board has agreed to increase very substantially the grants provided to the fishermen.

**The Deputy Chairman:** Then we come to External Affairs.

**Senator Grosart:** On page 32, Vote 17a, there is a new supplementary which refers to an increase in the Working Capital Advance Account for loans and other assistance to employees of External Affairs. could we have a complete list of the working capital advance accounts and related accounts—because I know there are others of the same type but with different names—with the interest rates charged on the loans under these types of accounts? I think we were told at one time that this could be made available without too much trouble. This type of estimate for expenditures seems to be growing by the use of these revolving funds.

**Hon. Mr. Chrétien:** You want to know the names?

**Senator Grosart:** Just the accounts.

**Hon. Mr. Chrétien:** The different accounts and the level of interest those people are paying on those accounts?

**Senator Grosart:** That is the net income as against the principal involved.

**Hon. Mr. Chrétien:** I think that is a legitimate request. We will get it for you.

**Senator Grosart:** It would not need to be in great detail, but simply to give us a general idea of the rate of return we are getting on the lending of this capital for such purposes.

**Mr. Richardson:** These may vary. Normally the rate will not remain the same, but there is a formula for the rate which would be the rate that the government would borrow money at, and in this particular account there is no return and no loss to the government, but the rate may vary from one type of advance to another.

**Senator Grosart:** Are you saying that the general principle is to lend money out of these accounts, or to advance money out of these accounts—because it is not necessarily a loan—at more or less the same rate as the government is paying for that money?

**Mr. Richardson:** This is the normal procedure.

**Senator Carter:** If I may refer back for a moment, Mr. Chairman, to Senator Hicks' question about fisheries. You will see at the bottom of page 28 a breakdown of what that \$40,193,000 is for.

**The Deputy Chairman:** Thank you Senator Carter.

**Senator Grosart:** Then one question on page 36 under "Public Debt Program". Here I am referring to the \$200 million required to service the cost of issuing new loans. Could we have that related to the total amount of the loans, indicating the percentage of cost of borrowing this money?

**Hon. Mr. Chrétien:** I don't understand your question, senator.

**Senator Grosart:** We are saying here that the government now requires an extra \$200 million to service the cost of issuing new loans. Could we have that related to the total of the new loans?

**The Deputy Chairman:** Are you talking about the \$2 million of servicing cost, or are you talking about the combine \$2 million and the \$198 million mentioned?

**Senator Grosart:** The combined \$200 million that appears to be required to service the government's borrowing. The normal measure of the efficiency is what percentage of the total borrowing is represented by that sum. In other words, how many dollars does it cost to borrow \$100? How many dollars does it cost to borrow it, to service it and to issue the loan?

**Hon. Mr. Chrétien:** We will get that for you.

**Senator Langlois:** Could we have a similar breakdown for the first item for this \$198 million for interest, amortization, bond discounts and so on?

**Hon. Mr. Chrétien:** Yes. The first item is described in somewhat more detail, but Senator Grosart would like to have even more information on that?

**Senator Grosart:** Yes, I would.



**The Deputy Chairman:** Are there any further questions on Finance?

**Senator Grosart:** One further interesting question arising out of something said earlier about that word that is difficult to pronounce—and here I am referring to page 38, where it says, “Payment to Saskatchewan in accordance with terms and conditions approved by the Governor in Council in relation to the maintenance of the domestic oil price.” We were wondering if anybody except those east of the Ottawa Valley had a payment of this kind, and now apparently Saskatchewan does.

**Hon. Mr. Chrétien:** I understand it was part of the agreement to have the same level of price accepted by Western provinces for their oil, and I think there was among the terms and conditions a payment of that nature to Saskatchewan.

**Senator Grosart:** Why would this not have been anticipated in the main estimates? Did some particular situation arise?

**Hon. Mr. Chrétien:** Perhaps a call on us to pay it, or perhaps there was no specific date mentioned for payment and that is why we could not put it in the main estimates.

**Senator Grosart:** I wonder if we could have the explanation. It is rather unusual.

**The Deputy Chairman:** Yes, I think so, because the same provision should be in there for the Province of Alberta. It seems unusual that there would be a payment just to Saskatchewan.

**Hon. Mr. Chrétien:** Yes, we will provide you with the information. I am informed now that this issue and the amount of money involved was not settled at the time. There were negotiations going on at the time we tabled the main estimates, and that is why we could not include the amount. It was eventually settled between Saskatchewan and the national government later in the year, so that we had to pay it at this time. With regard to the question concerning Alberta, I am informed that we have not yet come to terms with Alberta.

**The Deputy Chairman:** Do I understand that this is part of the difference between the original price of oil and the \$6.50 per barrel which was charged, and a certain percentage of that was rebated to the provincial government for use for further exploration for the product? Is that the explanation?

**Hon. Mr. Chrétien:** That is close to the explanation. It is in fact a kind of dividend.

**Senator Grosart:** But it says, to maintain domestic oil price in Saskatchewan, which is in effect the purpose of the payments to Eastern provinces.

**The Deputy Chairman:** Did you want some details on that agreement, Senator Grosart?

**Senator Grosart:** Yes.

**Mr. Richardson:** Perhaps I could comment on that. It was an agreement reached with the two oil-producing provinces to bring about a national oil price at a specific level at that time. Therefore, both of the provinces were foregoing revenue. This was in reciprocation for the revenue they were foregoing. There was an agreement with the Province of Saskatchewan in this case that funds would be

provided from the federal government towards specific projects in the province to help them carry out economic development based on the amount of money. With respect to the money here, the Province of Saskatchewan has indicated that it will go towards the Yellowhead highways system in Northern Saskatchewan, and then the federal government will contribute money towards that through this supplementary estimate.

**Senator Grosart:** In other words, do I understand you to be saying that this is compensation to Saskatchewan for the shortfall in domestic price as against the foreign price they would get?

**Mr. Richardson:** From revenues they would have received had the price been higher.

**Senator Grosart:** Perhaps the wording there is not very fortunate.

**Senator Hicks:** It is not described very well.

**Senator Grosart:** It refers then to maintenance of the domestic oil price throughout Canada. Reading the item, one would think it was maintenance of the domestic oil price in Saskatchewan.

**Hon. Mr. Chrétien:** Perhaps the description is not perfect.

**Senator Yuzyk:** I would like to refer to page 34, Vote L36a, non-budgetary items, \$20 million. I note at the bottom of the page in the main estimates there was \$8,240,000 allotted for this purpose. In the meantime there were expenditures here of over \$28 million. This concerns economic assistance, grants to multicultural international assistance programs. It appears that Canada has shares in the Inter-American Development Bank. Is all this done by negotiation that you could not foresee, this extra \$20 million?

**Hon. Mr. Chrétien:** Yes. I think we have to negotiate those agreements with the different international organizations. We thought that, having no agreement, we could not write in the main estimates what would be the total amount of money, because we did not know exactly how much we would be billed. It is one of those cases where, because there is no precise agreement, you cannot relate the expenditures to anything, and you cannot write it in the estimates. In the estimates one needs documentation to put in a figure. It is one of those items on which we could not be precise because the negotiations were still going on.

**Senator Langlois:** So the \$8 million provided was an educated guess. Would you call it that?

**Hon. Mr. Chrétien:** No. It was probably based on some previous agreement that we had.

**Senator Langlois:** Expenditures of the previous year?

**Mr. Richardson:** The \$20 million is a new item specifically for the Inter-American Development Bank. Canada's share, by virtue of an agreement among the members to raise the total amount of capital, came to \$20 million specifically for that. There is no offset; that \$20 million is not a separate item.

**Senator Langlois:** What was the basis of your estimate of \$8 million in the main estimates?

**Mr. Richardson:** The \$8 million is not for the same purpose.

**Hon. Mr. Chrétien:** It was the other obligation that we had. This \$20 million was negotiated this year and we had to provide the funds to increase our share in that bank.

**Mr. Richardson:** There was no previous estimate for the Inter-American Development Bank; it is zero.

**The Deputy Chairman:** We now turn to Indian Affairs and Northern Development.

**Senator Grosart:** I have one question, in view of the expertise of the minister in this field. Do the supplementaries raise the total investment in Indian Affairs and Northern Development to \$6.5 billion, more or less. Presuming that most of that is going to redistribution of national income in favour of original Indians, is the minister satisfied that the recipients are getting value for this? I say this because the number of people involved is comparatively small, and we are spending large amounts of money, which I do not object to at all, but are we getting value for this?

**Hon. Mr. Chrétien:** Billion?

**Senator Hicks:** Where do you get this figure?

**Senator Grosart:** I am referring to page 3; it is page 3 of the supplementaries, the total estimates to date.

**Hon. Mr. Chrétien:** You are on the wrong line; \$6.3 billion is Finance.

**Senator Grosart:** Let us take the other figure then—\$842 million.

**Hon. Mr. Chrétien:** For Indian Affairs it is \$842 million, I think. If you look at the bottom of the page on the other side of page 3, the total will now be \$880 million. That includes Indians and Eskimos, which is part of the department; it includes Northern Development in parts of Canada. It is a total department, because this department is divided into three sections. The Indian and Eskimo programs take the majority of that.

You are asking me what we are getting for our dollar there. We have made a lot of progress with this very difficult social problem in Canada. For example, many more Indians are now going to university. I was in that department for six years, one month and three days, and when I started there were perhaps a dozen Indians going to university, in 1966 or 1967. It now runs into the thousands. To resolve a problem of that nature takes generations. It is a difficult problem to move a group of people from the trap line to the jet generation in 25 years. It is a terrible problem. It is difficult to measure the success. It is a long-term investment.

Judging from the number of Indians now starting in businesses and trying to get involved in our national society there has been a lot of improvement. For example, take the Canadian Arctic Producers. When I was minister I had to establish that corporation and I funded it with \$400,000. It is a corporation which sells Eskimo carvings and handicrafts. Last week they took over the corporation; they were buying back the shares. All the co-ops for the different settlements were buying back the shares with their profits. Last week they took over control; they had enough shares bought back from their profits to take control of the corporation. We put \$400,000 into it and they are now selling about \$3 million of goods every year. Some of the carvers do very well. They have markets in the United States, in Europe and so on.

I am satisfied that it is a worthwhile investment. However, people tend to pinpoint the difficult areas. The media, of course, play with it; a lot of people misuse the situation. There are professional Indians just as there are professional French-Canadians and professional nationalists all over the place of all sorts of creeds. We have to look at that. Look at the attendance in schools and the new businesses started. In Quebec, for example, l'Ancienne Lorette Indian Reserve is importing Indians from other reserves because they do not have enough manpower themselves, so there are some examples of successes. However good news is never news; it is always the bad news that gets into the media, and those successes never hit the front page. As we say in French, "Un chien qui mord un homme ce n'est pas une nouvelle; mais un homme qui mord un chien, ça c'est une nouvelle!"

**Senator Grosart:** Mr. Chairman, I wonder if I could make a suggestion at this point. I wonder if we could find a better way of continuing these lines across the page. It often happens that in binding the volume the verso page is not aligned exactly. That has happened in this case, and I have seen on a number of occasions people doing exactly what I did, reading across to the wrong line. It is quite difficult to follow.

**Hon. Mr. Chrétien:** You are quite right. There should be a different line. You could have a straight line and then there could be a "pointillée" line and then another and so on.

**Senator Grosart:** The problem could certainly be solved by an efficient typographer.

**Senator Yuzyk:** Mr. Chairman, on page 46, under vote L-61a, there is reference to the figure of \$482,000. What is that?

**The Deputy Chairman:** That is a reduction from the main estimates which were over \$200 million.

**Senator Yuzyk:** Thank you.

**The Deputy Chairman:** We now come to Industry, Trade and Commerce.

**Senator Grosart:** Yes, Mr. Chairman. On page 50 with respect to the matter of increasing the aggregated amount of loans for the tender made by Canadian International Project Managers Ltd. to the Government of Iraq for the Hartha Power Station, why is a supplementary required there of \$613,000? I ask the question because this is on a guarantee basis.

**Mr. Richardson:** The \$613,000 does not relate to the power station, senator. It relates to a supplementary estimate for operating expenditures under the trade industrial vote of the department. The money relates to increased operating expenditures of the foreign service of the Department of Industry, Trade and Commerce which has been included in here owing to currency changes in the countries in which they operate. That is a supplementary of \$613,000 on the total operating vote of the department. It is not connected to the vote wording which is referring to the authority for the guarantee on the Iraqi project.

**Senator Grosart:** The wording is strange, then, because it says that the purpose here is "to authorize the Minister to guarantee."

**Mr. Richardson:** That is correct, sir.



**Senator Grosart:** Well, the approval of the estimate required seems to be against the whole item.

**Mr. Richardson:** At the end of the vote wording it says, "and to provide a further amount of \$613,000" to the Trade Industrial Vote. There are two things required here. One is to get the authority for the loan guarantee and the other is to provide supplementary funding for the department's operating and voting. They have both been combined in the same wording.

**Hon. Mr. Chrétien:** You divide this vote into two parts, senator. The long-range thing is to give the minister the authority to guarantee that related to the Canadian International Project Managers Ltd. That is the authority for the guarantee. The \$613,000 is for the last line of the vote and it simply provides a further amount of money. The legal authority has to be within the same vote. Most of the words in the vote have to do with the guarantee, which involves no money at all. The money comes in the last five words.

**Senator Grosart:** In my opinion this is an undesirable type of device.

**Hon. Mr. Chrétien:** The problem, senator, is that we have to work the guarantee authority within the vote under which the minister can operate.

**Senator Grosart:** You are combining two things, the authorization of guarantee and the additional operating funds. You are putting them into the same vote when the more usual "device" would be to put the guarantee in a \$1 vote. This certainly is an undesirable device in the estimates.

**Hon. Mr. Chrétien:** You are making a good point, senator. What you are saying is that there should be a separate vote for the guarantee so that it could be seen as a separate thing.

**Senator Grosart:** Yes.

**Hon. Mr. Chrétien:** In reading it you certainly get the impression that the \$613,000 is money going to the Canadian International Project Managers Ltd., whereas in fact it is not for them at all.

**Senator Grosart:** It is certainly not clear. In my opinion it is an undesirable device.

**Hon. Mr. Chrétien:** I think that should be noted as a good point, Mr. Richardson.

**Senator Langlois:** Only the wording is undesirable.

**Senator Grosart:** No, it is not just the wording; It is the device of combining a guarantee with an additional operating fund in a department.

**Senator Hicks:** In fact, if you read it carefully, it does accurately state what the intention is.

**Senator Grosart:** I'm not so sure of that, because you could say, "and to provide a further sum". What is the further sum for?

**Hon. Mr. Chrétien:** You can ask the question and we will give the details, sir.

**Senator Grosart:** I am grateful for that, Mr. Minister.

**The Deputy Chairman:** If there are no further questions on Industry, Trade and Commerce we will go to the Department of Labour on page 54.

**Senator Grosart:** Mr. Chairman, we have an unanticipated loss in the revolving fund of Information Canada. This seems to happen every year. It would indicate that they are not well able to predict their activities or their expenditures. Each year since Information Canada was set up we have had them coming back to ask Parliament to cover unanticipated losses. Is there a reason for this?

**Mr. Richardson:** Yes, senator. You are quite correct that this fund has not been able to operate on a break-even basis. There has been a thorough review taken this year to try to get at this problem. They are changing the rate structure which they are charging their customers in order to make the fund viable, but they were not able to bring the changes about in time to make it effective this year. We are hopeful that in the following year the fund will actually reach a break even point and operate on that basis from there on.

**Senator Grosart:** It is a large amount.

**The Deputy Chairman:** You are suggesting that this amount is not charged back to the departments.

**Mr. Richardson:** That is right. This is a supplement to that fund.

**The Deputy Chairman:** An underestimate of their costs, then.

**Mr. Richardson:** An underestimate of their net position, yes.

**The Deputy Chairman:** The total budget for Information Canada is less this year than for the previous year, including the supplementary estimates?

**Mr. Richardson:** You are referring to the \$9.8 million?

**The Deputy Chairman:** Yes.

**Senator Grosart:** It is slightly more. You can see it on page 3. It seems to be slightly more, if I am still on the right line.

**Hon. Mr. Chrétien:** The previous estimate was \$9.5 million and the total estimate for this year will be \$10.2 million.

**The Deputy Chairman:** I was talking about 1974-75.

**Hon. Mr. Chrétien:** The previous year, you mean.

**Senator Grosart:** They were about \$10 million the previous year, I think.

**The Deputy Chairman:** Yes. That is what I was wondering.

**Hon. Mr. Chrétien:** We will give it to you. Can someone dig it up?

**Mr. Richardson:** It was \$8.4 million in 1974-1975. It was lower in 1974-75. Then it went up to \$9.5 million, and now it is up to \$10 million. It was lower in 1974-1975.

**The Deputy Chairman:** Thank you. Are there any further questions?

**Hon. Mr. Chrétien:** I would just like to point out that when people talk about cuts they always suggest that if we



were to cut Information Canada we would produce a very substantial decrease in the total expenditures of government; but Information Canada includes many things, such as the Queen's Printer, and so on. I find, that when I am asking the Opposition about cuts the only place they seem to be able to point to immediately is Information Canada, but on a total budget of \$31 billion, if we were to cut out the Queen's Printer it would not make a very big change. It would be substantial, of course, because for me \$1 million is not peanuts.

**The Deputy Chairman:** This committee, when it studied Information Canada, did not recommend a cut in expenditures.

**Senator Grosart:** We are very non-political in this committee, Mr. Minister.

**Senator Carter:** For clarification, does the increase by this amount of \$732,747 increase the revolving fund every year by that amount? Next year, will the fund be the increased amount, or will it revert to what it was before?

**Mr. Richardson:** No, this will pay off the deficit for this year. The fund has a working capital, which they start the year with, but it should break even over the period of the entire year, so this is not an on-going cost.

**The Deputy Chairman:** Just as a matter of further interest—and we discussed this in previous estimates—does Information Canada not have an agreement that when they go into an exposition the total costs are not paid? According to this, of course, they are not; but is it not a policy of Information Canada that they do recapture all their costs?

**Hon. Mr. Chrétien:** They are supposed to.

**The Deputy Chairman:** But I do not understand this.

**Senator Grosart:** It is an unrealized fond hope on the part of Information Canada.

**Senator Carter:** Does that mean they do not collect back from other departments for whom they put on expositions the total cost of that exposition?

**Senator Grosart:** They lose money; that is all it amounts to.

**Hon. Mr. Chrétien:** What happens is that when a department requires Information Canada to do something, when Information Canada comes along with the bill the department must say something like, "It is too expensive, you made it too big, and we are paying only part of it."

**Mr. Richardson:** Yes. They give the department a quotation at the start, before going into the project. They do not do the project and complete it and then charge the entire cost. The department requires an estimate of the cost, from Information Canada. Sometimes they carry out the exposition and then discover, at the end, that the costs have exceeded the charges they have made to the department. There is therefore a short fall. For this reason they are increasing their charges to all the departments this year, because they were not charging enough to meet all eventualities with regard to these expositions.

**Senator Hicks:** In other words, they stick to their quoted price to the department concerned, and do not try to pass on the excess expenditure to that department.

**The Deputy Chairman:** Did Information Canada give services to any other organization than government departments?

**Hon. Mr. Chrétien:** No.

**Senator Grosart:** The reason I asked my question, Mr. Chairman, was that I was wondering if they had had an unanticipated exposition, or an opportunity had arisen where they felt they should be involved, or something of that sort and—

**Hon. Mr. Chrétien:** Normally, when they have an exposition, it is in relation to one department, unless it is a question of participating in an international exhibition in the name of the government as a whole. Normally, however, most of the exhibitions are related to one department.

**Senator Grosart:** We have had Manpower before us in this committee, and we should perhaps have examined them on that subject more closely to find out if there are sources of revenue other than departmental. Normally there are stalls that are charged for, and so on. I do not understand how they operate here, but commercially this kind of exposition is highly profitable.

**Senator Yuzyk:** With regard to Manpower and Immigration, at pages 58, 60 and 62, my question is with regard to the total man-years authorized. For instance, the total for 1974 is given here as 11. No figure is given for planned continuing employees on March 31, 1976. This department is consistent in that it leaves blanks for that column. Yet, if we look back at some of the other departments, such as Environment, on page 30 you have a total of 44 man-years, and a figure for planned continuing employees on March 31, 1976, of 16, which is a tremendous reduction.

Coming back to Manpower and Immigration, does this mean that they can increase their man-years or decrease them? We have no indication of what they intend to do.

**Hon. Mr. Chrétien:** This was an authorization to give them 11 new man-years probably on an interim basis. They were probably people on term contracts.

**The Deputy Chairman:** Special programs?

**Hon. Mr. Chrétien:** Special programs. That means they do not foresee those people staying on the staff in that capacity after the end of March. It could be that those people will be absorbed within the department, within their normal man-years allocation.

**Senator Yuzyk:** That would not apply, for instance, on page 60, where you have 836 man-years, as compared with this item of 11. That continues throughout. You can see the same sort of thing on page 62 also. You have 90 here, and yet the column under March 31, 1976, is left blank. What does that really mean?

**Mr. Richardson:** These man-years are related to the Local Initiatives Program, which is not an on-going program. It is a program which is determined during the course of each year, depending on the needs of the economy. They therefore hire term employees to carry out the program, as the minister said. In other words, when that program is ended, if there is no LIP next year, they would not have those 816 people. None of them are permanent employees of the public service.

**Senator Yuzyk:** So it is just on an annual basis.

**Mr. Richardson:** Yes.

**Senator Yuzyk:** Then there would have to be a new item next year, is that it?

**Mr. Richardson:** If the program goes on.

**Senator Yuzyk:** Thank you.

**The Deputy Chairman:** National Defence.

**Senator Grosart:** One question, Mr. Chairman. The supplementary estimates provide for an increase of about \$177 million. Is this largely accounted for by inflationary costs, or does it indicate a policy of greater support for the armed services than we have had in the past?

**Hon. Mr. Chrétien:** Both, senator.

**Senator Grosart:** Thank you.

**The Deputy Chairman:** Was your question directed to the question of manpower, senator?

**Senator Grosart:** There is a fairly substantial increase of \$177 million in a total budget of \$3 billion, and I just wanted to know how it was accounted for.

**Hon. Mr. Chrétien:** For many, many years we forced them to absorb all their costs, and in order to do that we had to reduce their manpower. This year we have given them the money to pay for their manpower so they have not been forced to reduce. So if you ask me if it is because of inflation, of course it is, but we have given them the money rather than force them to reduce further.

**Senator Grosart:** I am glad it is both.

**Hon. Mr. Chrétien:** It is both, otherwise I would have followed the same pattern as I have in the past: I would have said, "No," and they would have been forced to reduce their manpower.

**The Deputy Chairman:** Would you have a figure for the manpower in the armed forces?

**Hon. Mr. Chrétien:** We are still talking about a force of 78,000.

**Senator Grosart:** Military and civilian?

**Hon. Mr. Chrétien:** No, military only. I think there are about 35,000 civilians or something like that.

**Senator Hicks:** What do we have in Bermuda that warrants an expenditure of \$3.8 million for married quarters? I am looking now at page 66.

**Hon. Mr. Chrétien:** Perhaps we should go and visit that. I do not know.

**Senator Langlois:** We used to have a naval base there at St. George.

**The Deputy Chairman:** We will try to hold our next hearing there, senator!

**Senator Yuzyk:** Following my line of questioning relating to National Defence, on page 66 the total man-years authorized are 83. Is this under contract?

**Hon. Mr. Chrétien:** That means it is term employment. If we do not indicate how many will be kept on strength in that capacity next year, it is because they are term employees.

**Senator Yuzyk:** Do you have a report at the end of a program showing how many of these man-years have been realized or not realized? Is that information available?

**Mr. Richardson:** We get reports from the departments. That means they cannot exceed their authorized man-years. These 83 man-years would not be authorized into the following year, so they could not have them on their staff along with what they now have.

**Senator Yuzyk:** And if the 83 is not realized, or if they realize only, say, 50, where does the surplus money go?

**Hon. Mr. Chrétien:** For this one year they are authorized to have these 83 man-years. If they do not use it, then the money would lapse. We have many lapses at the end of the year when the money is not spent. Then it stays within the government, and we in making our forecast always calculate that there is 2 per cent of the total expenditures that will lapse at the end of the fiscal year.

**The Deputy Chairman:** We come now to National Health and Welfare.

**Senator Carter:** On page 68, where we see a reference to payments to provinces or contributions to provinces under agreements, are these under the new agreements worked out last year or are they under the old, continuing agreements?

**Hon. Mr. Chrétien:** These are made under the old, continuing agreements, but I think we have given notice that we want to renegotiate those agreements. One of the problems we have with that is that we have very little control over the expenditures. They just send us the bill and we pay it. We would like to have a formula that would enable us to do some better forecasting and have better control of our own expenditures. There is no limit on this, and those are the kind of dollars that the provinces like to spend because they are what I might describe as 50-cent dollars. In the budget speech in June Mr. Turner advised the provinces that we want to have another look at those agreements hoping in some way to cap some of those expenditures, because the cost of maintaining these services is growing very fast. I do not know the exact level, but it is growing much faster than inflation.

**Senator Carter:** I realize that, but I understand that the government, if it is unable to get consensus from the provinces to the proposals that Mr. Turner set forth in the budget, is going to act unilaterally and impose certain restraints. I was just wondering if those figures reflect the government's restraints or whether we are simply carrying on with the old agreements.

**Hon. Mr. Chrétien:** We gave them notice that we want to renegotiate the old agreements, but those payments are still being made under the old agreements. This is a good example of the kind of escalation we are faced with. It is \$193 million out of \$1.5 billion, and while we forecast an increase in that, there is almost a 10 per cent increase on top of what we had already forecast. It is escalating very quickly and we want to have some control of it.

**Senator Smith:** I wonder if I might ask the minister whether in the contemplated renegotiation it will be kept in mind that the provinces were induced to enter into these programs on certain conditions upon which these agreements were based. Now if those conditions are drastically changed, then there will be a very substantial adverse



impact on provincial finances. I do not object to an effort to control this, and I do not raise that point at all because I agree with the minister that it is a very difficult problem, but at the same time a unilaterally imposed change in the conditions under which the provinces were induced to enter this program would, without doubt, impose a very substantial hardship on the provinces.

**Hon. Mr. Chrétien:** We want to control the level of expenditures; we do not want to withdraw from the system completely. I quite realize that if we were to move unilaterally tomorrow and say to the provinces that we were not going to contribute any more, that that would create a problem for the provinces. But we want more control so that we know we will not be faced with this type of situation regularly. We want a system whereby there is no incentive for the provinces to be easy with that money simply because half the cost is coming from the federal government.

**Senator Langlois:** Is there not some provision in these agreements with the provinces for revision of the agreement from time to time? Is there not mention of a period of five years?

**Senator Hicks:** That is right, and it is only in compliance with that provision in those agreements that the federal government is now moving. I agree very strongly with the sentiments expressed by Senator Smith, but it would be wrong for us to say that the federal government is taking unilateral action at this time. What in fact the federal government has done is to say that at the end of the five-year period they are not automatically going to extend the agreement but in accordance with the terms of the agreement they are going to renegotiate.

**Hon. Mr. Chrétien:** That is exactly what I wanted to say.

**Senator Grosart:** But it is still unilateral.

**Senator Smith:** What the provinces must fear is that in this renegotiation some infringement will be made upon the basic conditions upon which the provinces were induced to enter the plan. I know something about those conditions because I was involved in the negotiations. Just reading what has been said about this in the budget speech and elsewhere, I cannot help but get the impression that what is contemplated is not merely a renegotiation in the sense that everybody thought was intended from the beginning, but a renegotiation of some of the fundamental conditions.

**Hon. Mr. Chrétien:** I have explained to you the kind of problem we are faced with. We simply have no control over it, and we just pay the bills. Now we would like to have a better control over our own expenditures, and we would like to have a formula that will not allow this situation to be created again. In comparison with any other item we have in the supplementary estimates this is probably the biggest percentage increase we have. And it is something over which I have absolutely no control. I just receive the bills and I pay them, and I do not feel this is a very satisfactory way for us to spend our money. We get blamed for increasing our expenditures, but we do not have any control over them. Of course, I do not want to start at zero and force the provinces to face a situation where they would have to bear all the costs. That would create a real mess for the provinces.

**Senator Hicks:** That would be impossible.

**Senator Smith:** I have every sympathy with the desire to control. All I am saying is that I hope that desire will not impinge upon the fundamental conditions under which the provinces were induced to enter the plan.

**Hon. Mr. Chrétien:** I am taking note of your recommendation.

**Senator Carter:** I would like the minister to correct me if I am wrong, but I understand that over the past few years these costs have been escalating at a fantastic rate, somewhere around over 20 per cent. Is that correct?

**Hon. Mr. Chrétien:** Yes.

**Senator Carter:** Over 20 years?

**Hon. Mr. Chrétien:** From year to year.

**Senator Carter:** Every year it goes up. It is unreasonable to expect that to continue. Is this escalation caused primarily by the larger provinces of Quebec and Ontario or by the smaller provinces?

**Hon. Mr. Chrétien:** I have not identified particular problems with different provinces. I think it is the same in all provinces. I have no indication that one is a greater offender than the other, although probably there are marginal differences.

**Senator Carter:** My understanding is that the rich provinces, because they have money and because they are getting 50-cent dollars, since the government is paying half of it, can carry on with expenditures that the poorer provinces cannot embark on because they do not have the money anyway.

**Hon. Mr. Chrétien:** It could be one of the problems, but I am not in a position to tell you.

**Senator Carter:** You do not know if that is the case or not?

**Hon. Mr. Chrétien:** No, I do not know personally.

**Senator Grosart:** Could the minister let us have a statement of the per capita cost per province of these particular open-ended programs about which we have been talking?

**Hon. Mr. Chrétien:** We can get it through the Department of National Health and Welfare.

**Senator Grosart:** It would be useful to have, in answer to Senator Carter's question.

**Senator Smith:** I suppose the minister has heard many, many times, about the difficulty of long stays in hospital, under very expensive conditions, of patients who could be dealt with quite satisfactorily in some less costly institution. I know he must be very familiar with the problem. I wonder if any progress has been made towards solving that problem.

**Hon. Mr. Chrétien:** I know that my colleague, the Minister of National Health and Welfare, Mr. Lalonde, has made a statement about it. It is one of the problems being looked into by the department, but I have nothing concrete to report. It is very expensive to maintain one bed in a big hospital. Perhaps there should be other types of institutions where the infrastructure cost will be much lower. Some provinces are moving in that direction. It is, of course, covered by the agreement, but I cannot report further than that.



**Senator Langlois:** Is there some foundation to the information that I was given some time ago—I think I first saw it in a newspaper—that from now on hospitals will be asked to reserve 10 per cent of their beds for chronic patients?

**Hon. Mr. Chrétien:** I do not know about that.

**The Deputy Chairman:** We referred earlier to page 76, spouses' allowance, and the figure in the supplementary estimates of \$45 million. What part of the year is that for? When is it effective?

**Hon. Mr. Chrétien:** It is for two quarters. It is from October 1 until March 31, so it is for half a year.

**The Deputy Chairman:** So in the main estimates next year would there be a \$90 million figure?

**Hon. Mr. Chrétien:** It is likely to be \$90 million plus something, because we have to keep in mind the inflation factor, and we have to take into account the population growth. It is becoming a very expensive operation. The average life expectancy in Canada has risen very much in the last ten years, and the number of people is increasing.

**The Deputy Chairman:** To age 60?

**Hon. Mr. Chrétien:** To age 60 for the spouses. That is not all of them, but those whose partner is not receiving any other income than old age security.

**The Deputy Chairman:** We now turn to National Revenue.

**Senator Yuzyk:** I want to follow up on the man-years. At the bottom of page 78 there is a total of man-years authorized of 263, and then planned until March 31, 1976, a terrific reduction to 134. How much saving is realized in a reduction of this kind? Could we get a breakdown between departments? Does a man-year cost about \$15,000 or \$20,000?

**Hon. Mr. Chrétien:** It depends on the level of the employee. For those people it must be around \$13,000, probably \$15,000 a job.

**The Deputy Chairman:** In this particular department?

**Hon. Mr. Chrétien:** Yes, because they have some specialists. I saw some figures this week of the cost of one postal worker, which is something like \$13,000. There are some specialists in that field and it costs us more. Let us guess \$15,000 per job.

**Senator Yuzyk:** Taxation is going up every year, yet there is a reduction here in staff.

**Senator Grosart:** Don't complain about it.

**Senator Yuzyk:** I am not complaining.

**Hon. Mr. Chrétien:** When we start a new tax program such as the one I was referring to earlier, you need some more man-years to establish the mechanism. After that, when it is a continuing process there is probably a reduction in the man-years requirement. That must be one of the explanations.

**Senator Grosart:** Would it not also reflect the fact that there are part-time employees at peak load periods in the Department of National Revenue?

**Hon. Mr. Chrétien:** Yes.

**Senator Langlois:** I notice the largest cost is in administrative support, which would indicate that these are temporary employees.

**Hon. Mr. Chrétien:** There are a great many temporary workers in that branch; it runs to thousands and thousands. We are, in fact, decentralizing some of those operations. We have decentralized a division of Taxation to Winnipeg. Because there is a recruiting problem in Ottawa for part-time workers we are embarking on a program of decentralization. We will be decentralizing many of those jobs outside Ottawa. The first move was to Winnipeg. I am planning, through the decentralization policy, to have a centre in British Columbia, one more in Ontario probably, two more in Quebec, one in Nova Scotia or Newfoundland, somewhere in the Maritimes. They need thousands and thousands of people from January to June, some for three months, some for four months, some for five months. It is the kind of thing that can be done in cities other than Ottawa.

I am working at a program of decentralization, and I am quite proud of it. We have already moved to Winnipeg with one. We have moved to Matane with one from DSS. I hope to be announcing some further decentralization later in the year, so we will spread out the activities across the land. This is a field in which we can do it. There is one instance where we are planning decentralization, which I cannot identify. It is a place where there is heavy industry but very few jobs have been created for the wives who would like to work. If there is, for example, a logging industry, in some parts of Canada there are no secondary jobs, there are no part-time jobs, for the wives who want to work. So we hope to use that department to start our program of decentralization. We have already started with Winnipeg and I will be making more announcements in the next few months on further decentralization.

**Senator Yuzyk:** We welcome this in Winnipeg, Mr. Minister.

**Hon. Mr. Chrétien:** I hope the people in Winnipeg will know and be grateful, Mr. Chairman.

**Senator Carter:** Mr. Chairman, I notice that of the total man-years authorized of 263, three are scientific and professional and apparently these three temporary people become permanent. Is that the correct interpretation?

**Hon. Mr. Chrétien:** Yes, it means that they have taken on three new scientific and professional people who will have to stay on strength next year.

**Senator Carter:** Then you come to the administrative aspect of foreign service with 74. That increases to 89 at the end of the year. Somewhere you are going to take on an additional 15. The main question I want to ask is this: is the administrative support of 186, which I presume are typists, filing clerks and so on, related to the 74 and the three, or is it related to the department as a whole?

**Mr. Richardson:** Senator, the 263 are taken on mainly to handle this new excise gas tax. Much of the administrative support associated with getting that program under way is temporary and those people would be let go. But as the program for the 74 continues, they would probably, on a continuing basis, require more of the people in the professional areas and in the office areas under administrative and foreign service. The administrative support would involve many temporary, people, but all of the 263 are related to the additional people required to carry out this

activity, which would then fall back to an on-going number of 134.

**The Deputy Chairman:** If we can go on, honourable senators, I think we have covered Parliament rather extensively. Post Office. Privy Council. Commissioner of Official Languages. Public Works. Regional Economic Expansion.

**Senator Smith:** Mr. Chairman, on page 96, Vote 31a involves a further amount of \$5,512,000. This is apparently related to the Cape Breton Development Corporation. What is that for?

**Hon. Mr. Chrétien:** There are three problems involved in that, senator. First, costs are up; second, there was a fire in the mine; and, third, production is down. Those three factors combined are costing us \$5.5 million.

**Senator Smith:** Thank you.

**The Deputy Chairman:** Then we have Science and Technology, honourable senators. Are there any questions on that? Secretary of State. Solicitor General.

**Senator Grosart:** On page 116, Mr. Chairman, "C-Royal Canadian Mounted Police." In the fourth line from the bottom it mentions "Police Services under Contract." That involves a supplementary requirement of \$4.6 million. I take it that this is the policing of provinces other than Ontario and Quebec.

**Hon. Mr. Chrétien:** Yes, you are right, senator.

**Senator Grosart:** Is it the policy there to recover the total cost?

**Hon. Mr. Chrétien:** We are trying to come to terms with the provinces, senator. One of the political problems we face is that Ontario and Quebec are complaining that because they have their own provincial police forces and are paying the full shot they are being discriminated against in the sense that the other provinces, operating under contracts with the RCMP, are heavily subsidized. We are presently negotiating a new agreement to try to recover most of the cost. Of course, this kind of discussion would not appeal to those provinces which benefit from the system. They are quite reluctant to recognize the subsidy element of that operation. At any rate, we have authorized the Solicitor General to try to get more. At the moment it is more or less on a recovery basis of 50/50. We are attempting to get more than 50 per cent for the provincial police services. In terms of municipal services the formula is different. It is 75/25 for municipal services.

So you may very well have heard complaints from Quebec and Ontario, but we say that the RCMP contract service is one that was established a long time ago and you cannot force the provinces who benefit from that to pay the full cost too quickly. Indeed, some provinces cannot. That is one of the problems. I think the richest province in Canada, Alberta, could probably afford to have its own provincial police force; but I am not sure that Prince Edward Island would be in the same position.

**Senator Grosart:** Mr. Minister, what is the annual cost this year? This is merely a supplementary of \$4½ million.

**Hon. Mr. Chrétien:** For the police service under contract?

**Senator Grosart:** Yes.

**Hon. Mr. Chrétien:** The gross annual cost is \$178 million.

**Senator Smith:** If I may go back to the question of the complaints of the provinces which maintain their own police forces, Mr. Chairman, to those of us who live in provinces where that is not the case, the obvious answer is that that is the route they chose to follow. There is no reason why the rest of us should be punished because they chose that more expensive course.

**Hon. Mr. Chrétien:** That is exactly the answer I gave to the reporters one night on the CBC. Mr. Choquette was not happy with my answer.

**Senator Langlois:** There is more to it than the recovery of their own costs. They also claim that they are providing services to the different governments through their own police forces and that there is no compensation for that.

**Hon. Mr. Chrétien:** They established their own provincial police, and when they did that they knew what they were doing. In any event, we are trying to get more out of the provinces for the services we provide to them, but even so it must be noted that the RCMP is present in Ontario and Quebec as well. It has to be in order to look after the federal responsibilities in those provinces in respect of federal legislation. As you can see, we have the national police service and we have the police service which is under contract. The national police service is \$37 million, which is much less than the part we do under contract. But, as I have said, we are negotiating with the provinces to force them to pay more. It is not an easy negotiation, however. The provincial governments resist our move to obtain more money by way of contributions from them. But we will get more.

**Senator Hicks:** I should like to underline what the minister has said, Mr. Chairman, in making the point that there is some national interest in having a national police force administering the laws uniformly throughout Canada. If certain provinces do not want to take advantage of that service, it is reasonable to expect those provinces to pay some additional cost for it.

**Hon. Mr. Chrétien:** Yes, but it is the question of quantum—how much?

**Senator Hicks:** I agree. I think you are quite right, Mr. Minister, in wanting, on behalf of the federal government, to discuss this matter further with the provinces, but the argument is not all on one side. There is a national interest in having a national police force.

**Hon. Mr. Chrétien:** I agree with that.

**Senator Hicks:** It must not be lost sight of, as you yourself have just said, that the Royal Canadian Mounted Police have many duties to perform in furtherance of the enforcement of the federal laws of Canada. They have to have a presence all across Canada, for this purpose only.

**Senator Grosart:** We are still non-political, Mr. Minister.

**Senator Hicks:** We are pretty good this morning, anyway.

**The Deputy Chairman:** Supply and Services. Transport.

**Senator Smith:** It would be unwise to ask if there are any questions under that heading.

**The Deputy Chairman:** Urban Affairs. Veterans' Affairs.



**Senator Grosart:** You passed Treasury Board, Mr. Chairman.

**Senator Hicks:** That was in deference to the minister's presence.

**The Deputy Chairman:** Well, we did not get past it very easily. Treasury Board.

**Senator Grosart:** I have one question about the contingency fund, which appears at page 136. First of all, Mr. Minister, is the contingency fund in balance at all times, or are there losses?

**Hon. Mr. Chrétien:** Losses?

**Senator Grosart:** It is a revolving fund? Do they get all the money back?

**Hon. Mr. Chrétien:** I do not know what you mean. Supposing the money covered by some of the supplementaries that you are being asked to approve here was advanced by us. When the money is voted that money will be returned to us. This money will still be available for us.

**Senator Grosart:** You are asking now for authority to re-use certain money. Does the fund not have statutory authority to re-use pay-backs?

**Mr. Richardson:** No. This \$100 million is to cover salaries.

**Senator Grosart:** You are asking for authority to re-use any sums allotted for non-paylist requirements and repaid to this appropriation from other appropriations.

**Hon. Mr. Chrétien:** My reading of that, senator, is that we have the authority to re-use it until the last supplementaries.

**Senator Grosart:** Why is the vote asking for that authority?

**Hon. Mr. Chrétien:** "Too strong never breaks." "Trop fort ne casse pas," we say in French. That means that if you have the authority you are always right.

**Mr. Richardson:** There is no statutory authority. So the authority for the contingency vote is usually via the estimates vote. That is the reason.

**Senator Grosart:** So you have to renew your authority to re-use pay-backs.

**Mr. Richardson:** Yes.

**Senator Grosart:** That is all, Mr. Chairman.

**The Deputy Chairman:** Veterans Affairs. Senator Carter?

**Senator Carter:** Yes. Vote 1a. It says here, "To authorize the transfer of \$84,999 from Veterans Affairs Vote 35 and \$315,000 from Veterans Affairs Vote 50." That is to finance the welfare services program, at the bottom of page 146. This will be referred to in your \$1 items here. One of there votes, 35 or 50, is a capital expenditure. Is it vote 50?

**The Deputy Chairman:** Which votes are you referring to?

**Senator Carter:** There are two votes mentioned, 35 and 50. What I am interested in knowing is whether the build-

ing program for the Camp Hill Hospital complex in Halifax, Nova Scotia, is being affected by this transfer. Is that where they are finding the funds for this—that is, by delaying the progress of those plans?

**Hon. Mr. Chrétien:** I do not think so. I have not seen anything of that nature. If there are delays it is not for that reason.

**Senator Carter:** The money you are finding to finance the program is coming from two votes: one is vote 35 and the other is vote 50. I understand that in the \$1 items it is stated that it is coming from some capital expenditures which are being postponed. I am just wondering if the expenditures being postponed are those in connection with the Camp Hill complex in Halifax.

**Mr. Richardson:** It is from the Ste. Anne's Hospital, actually, which has not moved ahead as fast as was foreseen.

**Hon. Mr. Chrétien:** It is in Montreal.

**Senator Carter:** Yes.

**Hon. Mr. Chrétien:** We are hurting the poor province of Quebec, not the poor province of Nova Scotia.

**Senator Hicks:** I do not think the Camp Hill project has proceeded far enough yet for expenditures in this fiscal year because the government of Nova Scotia has not yet agreed to the co-operation in the project which the federal authorities would like to see.

**The Deputy Chairman:** Are there any further questions? If not, honourable senators, I would ask for permission to report at a later date. We may want to call the ministers of departments, so we will leave that open, if you will bear with us, and then we will report if no further hearings are required.

**Senator Smith:** Could I just ask this question? We have asked for quite a lot of information which is to be supplied. I am just wondering when we are likely to get that. I am not trying to hurry the minister or his staff, of course.

**Mr. Richardson:** You will have it as soon as possible, senator.

**The Deputy Chairman:** We do get such information on an on-going basis, and we have found previously that the minister and the deputy minister have treated us very well in supplying information. We usually get it rather rapidly.

**Senator Smith:** I was not worrying about that, but I was worrying about how the members of the committee will get it.

**The Deputy Chairman:** We distribute it to members of the committee.

May I thank the minister and his departmental officials for being here this morning. We have certainly had a good session. Thank you for coming, Mr. Minister.

**Hon. Mr. Chrétien:** Thank you very much, Mr. Chairman.

The committee adjourned.





















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Government  
Publications

FIRST SESSION—THIRTIETH PARLIAMENT  
1974-75

THE SENATE OF CANADA  
PROCEEDINGS OF THE  
STANDING SENATE COMMITTEE ON  
**NATIONAL FINANCE**

The Honourable DOUGLAS D. EVERETT, *Chairman*  
The Honourable HERBERT O. SPARROW, *Deputy Chairman*

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Issue No. 28

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TUESDAY, DECEMBER 9, 1975

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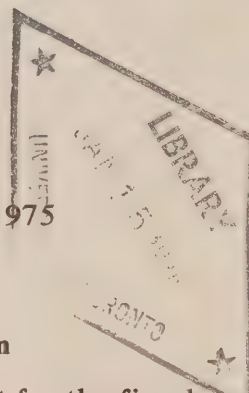
Second and last Proceedings on  
Supplementary Estimates "A" laid before Parliament for the fiscal year ending  
March 31, 1976

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REPORT OF THE COMMITTEE and APPENDIX "A"

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(Witnesses: See Minutes of Proceedings)



STANDING SENATE COMMITTEE ON  
NATIONAL FINANCE

The Honourable D. D. Everett, *Chairman*;

The Honourable Herbert O. Sparrow, *Deputy  
Chairman*.

The Honourable Senators:

Barrow	Hicks
Benidickson	Langlois
Carter	Manning
Côté	Neiman
Croll	O'Leary
Desruisseaux	*Perrault
Everett	Prowse
*Flynn	Robichaud
Giguère	Smith ( <i>Colchester</i> )
Graham	Sparrow
Grosart	Yuzyk

20 Members (Quorum 5)

\**Ex officio* members



# Order of Reference

Extract from the Minutes of Proceedings of Thursday,  
13th November, 1975:

“With leave of the Senate,

The Honourable Senator Langlois moved, seconded  
by the Honourable Senator Perrault, P.C.:

That the Standing Senate Committee on National  
Finance be authorized to examine and report upon the  
expenditures set out in the Supplementary Estimates  
(A) laid before Parliament for the fiscal year ending  
the 31st March, 1976.

The question being put on the motion, it was—  
Resolved in the affirmative.”

Robert Fortier,  
*Clerk of the Senate.*

## APPENDIX "A"

REPORT OF STANDING SENATE COMMITTEE ON NATIONAL FINANCE  
ON SUPPLEMENTARY ESTIMATES (A)

Tuesday, December 9, 1975.

The Standing Senate Committee on National Finance to which the Supplementary Estimates (A) laid before Parliament for the fiscal year ending March 31, 1976, were referred, has in obedience to the order of reference of Tuesday, November 13, 1975, examined the said Supplementary Estimates (A) and reports as follows:

1. In obedience to the foregoing the committee made a general examination of the Supplementary Estimates (A) and heard evidence from the Honourable J. Chrétien, President of Treasury Board and Mr. R. L. Richardson, Assistant Secretary, Program Branch, Treasury Board.

2. These Supplementary Estimates total \$1,750 million of which \$98 million are non-budgetary items, that is to say, loans, investments and advances. The budgetary expenses total \$1,652 million of which \$524 million are statutory items and \$1,127 million represent funds for which Parliament is being asked to provide new authority.

3. After the excessive jump in the Supplementary Estimates and total Estimates for 1974/75 as shown in the following table, your Committee was interested to hear the President of Treasury Board state that the total Supplementary Estimates for 1975/76 would probably be no more than \$2,500 million which would bring the total expenditures for 1975/76 to approximately \$32,000 million. This would mean the growth in expenditures this year would be no more than 15 per cent over last year which is within the goal of 16 per cent mentioned by the President of Treasury Board when he appeared before the committee last Spring in connection with the Main Estimates for 1975/76.

## YEARLY ESTIMATES TOTALS

(millions of dollars)

Fiscal Year	Main Estimates	Supplementary Estimates	Total
1969/70	12,467.4	348.8	12,816.2
1970/71	13,752.3	929.6	14,681.9
1971/72	15,340.9	1,305.5	16,646.4
1972/73	16,539.1	1,725.6	18,264.7
1973/74	19,286.5	2,124.9	21,411.4
1974/75	23,297.4	4,935.8	28,233.2
1975/76	29,585.3	1,751.0*	

\*Supplementary Estimates (A) only

4. Your committee was pleased to hear that its recommendation, made often over the years, that the increase in federal expenditures should not exceed, as a percentage, the increase in the Gross National Product, has now become long term government policy. In the words of the President of Treasury Board, "We would like as a general policy that the public sector should not take more out of

the economy than is reflected in the growth of the Gross National Product."

5. The larger statutory items under budgetary expenditures in these Supplementary Estimates are as follows:

(a) Finance—\$200 million to meet the increased cost of public debt charges.

(b) National Health and Welfare—\$127.8 million for contributions to the provinces in connection with the health care program and \$45 million for old age security payments in respect of a payment of a spouse's allowance in accordance with the amended Old Age Security Act.

(c) Transport—\$85 million for payments to Railway and Transportation Companies.

(d) National Defence—\$44.9 million for pension contributions and other employee benefits.

6. The larger items to be voted under budgetary expenditures are as follows:

(a) Energy, Mines and Resources—\$385 million for oil compensation payments due, partly, to the increase in the international price of oil in October.

(b) Manpower and Immigration—\$144 million for special employment measures, particularly in the area of job creation.

(c) National Defence—\$133 million, most of which is for increased operating expenses.

(d) Treasury Board—\$112.5 million of which \$100 million is for government contingencies and \$12.5 million for student summer employment in the summer of 1975 including Opportunities for Youth Program.

(e) Finance—\$50.1 million of which \$21 million is for a payment to Saskatchewan relating to the maintenance of the domestic oil price and \$29.1 million for contributions to provinces for disaster relief assistance.

7. The Treasury Board has supplied your committee with a list explaining the \$1 items in the Supplementary Estimates (A) which is attached as Appendix A to this Report.

8. A \$1 item of particular interest to your committee concerns a transfer of \$24 million to provide for the increased operating costs of new and existing Crown-owned accommodation, the renegotiation of existing leases at higher rates and escalation payments in leased accommodation; additional leased accommodation for government departments and agencies; the cost of tenant services for space occupied by the Department of Public Works and for tenant services completed but not paid for in 1974/75. The Treasury Board was asked to provide more details on this item such as the major specific items that have been delayed in order to transfer this amount, a break-down giving examples of premises involved and a comparison of either existing or previous rates with the increased rates. In providing this information Treasury Board officials were also asked to make a distinction between the increase due to the revision of rates and the increase due to the addition of newly leased property.

9. Your committee examined the various items contained in these Supplementary Estimates and received answers to questions from the Treasury Board officials. In some cases the answers were not immediately available and the Treasury Board officials agreed to provide material as soon as possible. The questions for which answers were to be supplied are as follows:

- (a) A comprehensive statement regarding loans to the de Havilland Aircraft of Canada Limited, the government's option with respect to Canadair Ltd., and the expenditures made and operating results with respect to the STOL services between Montreal and Ottawa.
- (b) Regarding the oil compensation payments East of the Ottawa Valley Line, what is the income being received to offset these expenditures?
- (c) Concerning the purchase of heavy water for lease or resale to Canadian and foreign users, what is being paid for the heavy water and at what price is it being sold?
- (d) Could the Committee be given a general idea of the rate of return that is being received on loans for working capital advances?
- (e) May a more detailed break-down of the \$200 million required to service the public debt be provided?
- (f) What is the per capita cost per province for health care?

Respectfully submitted.

H. Sparrow  
Deputy Chairman

(Appendix A to report)

#### EXPLANATION OF ONE DOLLAR ITEMS IN SUPPLEMENTARY ESTIMATES (A), 1975-76

##### SUMMARY

The one dollar items included in these Estimates have been grouped in the attached schedules according to purpose.

- A. One Dollar items which authorize transfers from one vote to another—15 items.
- B. One Dollar items which amend the legislative provisions of previous appropriation acts—3 items.
- C. One Dollar items which authorize the payment of grants—6 items.
- D. One Dollar items which authorize financial guarantees—1 item.
- E. One Dollar items which authorize the extension of existing acts to cover circumstances not now covered—2 items.
- F. One Dollar items which amend acts other than appropriation acts—3 items.

November 12, 1975  
Estimates Division

#### SCHEDULE A

##### ONE DOLLAR ITEMS WHICH AUTHORIZE TRANSFERS FROM ONE VOTE TO ANOTHER—15 ITEMS.

##### ENERGY, MINES AND RESOURCES—ATOMIC ENERGY CONTROL BOARD

Vote 25a—To authorize a transfer to this Vote of \$199,999.

Explanation—To finance mission-oriented research contracts with non-university organizations in the field of safeguards techniques and other nuclear safety research.

Source of Funds—Vote 30—(\$199,999)—Funds are available because types of projects previously financed through contributions are to be carried out under contract.

##### INDUSTRY, TRADE AND COMMERCE

Vote 47a—To authorize a transfer to this Vote of \$999,999.

Explanation—Funds are required to meet the expenses of the Hall Commission of Inquiry on Prairie Grain Handling and Transportation.

Source of Funds—Vote 50—(\$999,999)—Contributions to the Brazilian Government will be less than originally forecast due to delays in establishing the sites of grain silos.

##### NATIONAL HEALTH AND WELFARE

Vote 15a—To authorize a transfer to this Vote of \$2,999,999.

Explanation—To provide for a shortage of \$3.97 million for non-salary operating expenditures related to the provision of health care to Indians and northern residents.

Source of Funds—Vote 20—(\$2,999,999)—Funds are available because a number of capital projects originally scheduled for construction in 1975-76 have been deferred.

Vote 40a—To authorize a transfer to this Vote of \$207,999.

Explanation—Increased funds are required for contributions to support athletes and teams training for participation in the 1976 Olympics.

Source of Funds—Vote 35—(\$207,999)—Funds are available due to reductions in operating expenses.

##### PUBLIC WORKS

Vote 1a—To authorize a transfer to this Vote of \$741,999.

Explanation—To provide for announced price increases which were not included in 1975-76 Main Estimates and to authorize additional funds for improvements to the Management Information Systems.

Vote 10a—To authorize a transfer to this Vote of \$23,999,999.

Explanation—To provide for the increased operating costs of new and existing Crown-owned accommodation, the renegotiation of existing leases at higher



rates and escalation payments in leased accommodation; additional leased accommodation for government departments and agencies; the cost of tenant services for space occupied by the Department of Public Works; and for tenant services completed but not paid for in 1974-75.

Vote 20a—To authorize a transfer to this Vote of \$1,649,999.

Explanation—To provide for wharf repairs at Baie Comeau, Gaspé, Ile-aux-Coudres and Mont Louis, P.Q.

Vote 35a—To authorize transfers totalling \$3,699,999.

Explanation—The additional funds will be used to:

- (1) cover the cost of repairs (\$1,700,000) to the Alaska Highway caused by a severe rainfall in June, 1975;
- (2) provide for the increased cost (\$335,000) of maintenance and repair of bridges in the Ottawa area;
- (3) pay accounts (\$500,000) carried over from 1974-75 for maintenance of the Alaska Highway by the Yukon Territorial Government; and
- (4) meet other cost increases (\$1,165,000) not provided for in the Main Estimates.

#### Source of Funds—

Votes Transferred To	Votes Transferred From	
	Vote 15	Vote 40
Vote 1a	\$ 741,999	—
Vote 10a	23,999,999	—
Vote 20a	1,649,999	—
Vote 35a	2,200,000	1,499,999
	<u>\$28,591,997</u>	<u>\$1,499,999</u>

Vote 15—Funds are available because of unforeseen delays in the construction program.

Vote 40—Funds are available due to delays in the reconstruction of the Alaska Highway and in the construction of a new snow shed on the Trans-Canada Highway.

#### SCIENCE AND TECHNOLOGY—NATIONAL RESEARCH COUNCIL OF CANADA

Vote 5a—To authorize a transfer to this Vote of \$899,999.

Explanation—To purchase development and techno-commercial research from Canadian industry in line with the government's make or buy policy.

Source of Funds—Vote 15—(\$899,999)—The Industrial Research Assistance Program will commit less money than previously forecast in order to support the new program.

Vote 10a—To authorize transfers totalling \$4,199,999.

Explanation—To provide for the construction of a remote manipulator system (Teleoperator Program) which consists of an arm and associated controls to handle objects outside the Space Shuttle vehicle. This is the Canadian contribution to the United States Space Shuttle program.

Source of Funds—Vote 15—(\$1,500,000)—The Industrial Research Assistance Program will commit less money than previously forecast in order to support this program.

Vote 35—(\$2,699,999)—Funds have been made available through a reduction in expenditures.

#### SECRETARY OF STATE

Vote 15a—To authorize a transfer to this Vote of \$479,999.

Explanation—To provide for:

- (1) a research program on the Canadian publishing industry to assist in the formulation of a publishing policy (\$135,000);
- (2) the cost of a study on the Canadian film industry (\$135,000);
- (3) the establishment of the Office of the Special Adviser on Film to study the respective responsibilities of the five federal cultural agencies involved in the film industry and to examine the relationships between the private and public sectors in the production of films (\$140,000); and
- (4) the purchase of a sculpture to be presented to the City of Kingston in recognition of that city's tercentenary (70,000).

Source of Funds—Vote 20—(\$479,999)—Funds will be available since the proposed grant to the Massey Hall will not be fully utilized pending agreement with the Province of Ontario and Massey Hall!

#### TRANSPORT—NATIONAL HARBOURS BOARD

Vote 91a—To authorize a transfer to this Vote of \$449,999.

Explanation—To provide for the expected 1975 operating deficit of the port of Halifax.

Source of Funds—Vote 90—(\$449,999)—Funds are available because of delays in major maintenance operations to the Jacques-Cartier bridge.

#### VETERANS AFFAIRS

Vote 1a—To authorize transfers totalling \$399,999.

Explanation—To cover costs of Commemorative Ceremonies held to mark the 30th anniversary of the liberation of Italy (\$315,000) and for tenant services in the Headquarters Building (\$85,000).

Vote 5a—To authorize a transfer to this Vote \$59,699 and the deletion of a debt of \$8,734.92.

Explanation—To provide for unforeseen operating costs of the War Veterans Allowance Board, and for writing off a debt of \$8,734.92.

Vote 15a—To authorize transfers totalling \$241,999.

Explanation—To provide for tenant services in district offices at St John's, Quebec City, and London, Ontario; and for the restoration of the Vimy Memorial.

## Source of Funds—

Votes Transferred To	Votes Transferred From	
	Vote 35	Vote 50
Vote 1a	\$ 84,999	\$315,000
Vote 5a	—	59,699
Vote 15a	105,999	136,000
	<u>\$190,998</u>	<u>\$510,699</u>

Vote 35—Disability pensions will be less than originally forecast.

Vote 50—Capital expenditure will be less than forecast because some projects have been delayed.

## SCHEDULE B

## ONE DOLLAR ITEMS WHICH AMEND THE LEGISLATIVE PROVISIONS OF PREVIOUS APPROPRIATION ACTS—3 ITEMS.

## TRANSPORT

Vote 10a—To authorize the entering into of an agreement between the Minister of Transport and private shipping companies for construction and operation of an Arctic Class 2 icebreaking bulk cargo vessel.

Explanation—It is proposed to provide financial support for the construction and operation of an experimental vessel which will be employed to gain technical and commercial experience relating to the employment of Arctic class commercial vessels in northern waters.

## URBAN AFFAIRS—CENTRAL MORTGAGE AND HOUSING CORPORATION

Vote 10a—To authorize the reimbursement to the Corporation for contributions made and expenses incurred in respect of the new Private Lender Assisted Rental Program and for losses, costs and expenses incurred under the new Land Lease Program.

Explanation—To reimburse C.M.H.C. for contributions made and expenses of \$200,000 incurred under the Private Lender Assisted Rental Program, and for net losses, costs and expenses of \$200,000 incurred in the operation of the Land Lease Program. These two new activities were established as a result of the recent amendment to the National Housing Act. Under this legislation it was not expected that contributions would be made until next year thus authority was not included for the early phase-in of the program.

Vote 15a—To authorize the payment of additional Home Buyer grants and a transfer to this Vote of \$10,499,999.

Explanation—To supplement the House Buyer grant program as a result of a greater than expected volume of applications for payments and the extension of qualifying criteria to include those persons whose "offer to purchase" was accepted on or before October 31, 1975 and who will occupy the new residence before December 31, 1975.

Source of Funds—Vote 10—(\$10,499,999)—Payments for grants, contributions, subsidies and the reimbursement of administrative costs for the low-income non-profit housing, residential rehabilitation and neighbourhood improvement activities have been lower than originally forecast.

## SCHEDULE C

## ONE DOLLAR ITEMS WHICH AUTHORIZE THE PAYMENT OF GRANTS—6 ITEMS.

## EXTERNAL AFFAIRS—CANADIAN INTERNATIONAL DEVELOPMENT AGENCY

Vote 30a—To authorize grants totalling \$8,224,000.

Explanation—To provide increased grants to international organizations providing Multilateral Assistance and for International Emergency Relief to meet unanticipated requirements.

Source of Funds—Vote 30—(\$8,223,999)—Funds are available from reduced requirements for International Assistance grants.

## NATIONAL HEALTH AND WELFARE

Vote 50a—To authorize grants totalling \$170,900.

Explanation—To provide additional sustaining grants totalling \$170,900 to nine welfare agencies. These grants will be used to offset price increases (\$103,000) and for program expansions (\$67,900).

Source of Funds—Vote 50—(\$170,899)—Contributions will be reduced from \$4,000,000 to \$3,829,100, mainly in research projects, to finance the welfare grant increases.

## SECRETARY OF STATE

Vote 20a—To authorize grants totalling \$481,111.

Explanation—It is proposed to provide a grant to the Community Music School of Greater Vancouver (\$111,111) and to increase the grant to the Fathers of Confederation Buildings Trust, Charlottetown, P.E.I. (\$370,000).

Vote 25a—To authorize grants totalling \$250,000 and a transfer to this Vote of \$549,999.

Explanation—Additional funds are required:

- (1) to provide a grant of \$180,000 to the Canada Studies Foundation. (This grant will be used to develop curriculum materials for the teaching of Canadian Studies in both elementary and secondary schools, and it will be matched by the Council of Provincial Education Ministers.);
- (2) to provide a grant of \$70,000 to the Social Science Research Council to assist with the cost of a national conference to be held in November, 1975 to promote the use of social science research; and
- (3) to reimburse Statistics Canada \$300,000 for the cost of a questionnaire survey on the socio-economic and financial background of post-secondary students.

Vote 40a—To authorize grants totalling \$255,000 and a transfer to this Vote of \$254,999.

Explanation—It was originally proposed to finance certain projects for cultural events in the International Women's Year program by contract. It is now proposed to finance these events through grants.



## Source of Funds—

Votes Transferred To	Votes Transferred From	
	Vote 20	Vote 35
Vote 20a	\$ 481,110	—
Vote 25a	\$ 549,999	—
Vote 40a	—	\$254,999
	<u>\$1,031,109</u>	<u>\$254,999</u>

Vote 20—Funds will be available since the proposed grant to the Massey Hall will not be fully utilized pending agreement with the Province of Ontario and Massey Hall.

Vote 35—Funds originally provided for contracts are now being transferred to the grants and contributions vote.

## VETERANS AFFAIRS

Vote 20a—To authorize grants totalling \$131,500 and a transfer to this Vote of \$131,499.

Explanation—To increase payments to the Last Post Fund to cover the increased costs of burials and to provide for special housing assistance to qualified veterans.

Source of Funds—Vote 50—(\$131,499)—Capital expenditures will be less than forecast because some projects have been delayed.

## SCHEDULE D

ONE DOLLAR ITEMS WHICH AUTHORIZE FINANCIAL GUARANTEES—  
1 ITEM

## FINANCE

Vote L13a—To authorize the financial provisions of an international agreement.

Explanation—To authorize Canadian participation in an arrangement by the 24 members of the Organization for Economic Co-operation and Development to provide financial assistance, through guarantees of market borrowings or through direct loans to participating governments, when member countries encounter major balance of payments problems. The agreement was signed in Paris on April 9, 1975 and stipulates the conditions under which the Fund may be utilized. It will take effect when approved by a 90 per cent weighted majority of the signatories.

## SCHEDULE E

ONE DOLLAR ITEMS WHICH AUTHORIZE THE EXTENSION OF EXISTING  
ACTS TO COVER CIRCUMSTANCES NOT NOW COVERED—2 ITEMS.

## SOLICITOR GENERAL

Vote 5a—To increase pensions to the families of two deceased Penitentiary employees, to authorize grants totalling \$97,000 and to authorize a transfer to this Vote of \$3,194,999.

Explanation—Authority is requested to provide:

- (1) Pensions to families of Louis Georges Nadeau and Joseph Albert Paul Gosselin, deceased employees of the Canadian Penitentiary Service, at rates as set out in the RCMP Superannuation Act rather than in the Government Employees Compensation Act (\$12,000);
- (2) increased grants to After-care Agencies who provide community and liaison services to inmates in federal institutions (\$85,000); and
- (3) increased operating costs mainly for overtime payments to prison staff (\$1,800,000); and, price increases in utilities, security contracts with private firms and outside hospital services (\$1,065,000).

Source of Funds—Vote 10—(\$3,194,999)—Funds are available due to delays in construction of new penitentiaries.

## TRANSPORT—CANADIAN NATIONAL RAILWAYS

Vote L76a—To secure Parliamentary authority as required under Section 32 of the Canadian National Railways Act for the Railway to arrange financing for the acquisition of equipment and to permit the Railway to issue securities on such terms and conditions and bearing such rates of interest as may be approved by the Governor-in-Council.

Explanation—The proposed vote will provide authority for the Railway to utilize the financing medium authorized under Section 32 of the Canadian National Railways Act, which states "Where Parliament has provided for expenditure on equipment to the extent of 25% of the cost of such equipment, the National Company may make or arrange for one or more equipment issues for the remaining 75% of such costs."

In addition, it will enable the Company to sell securities at market rates of interest, instead of the 6% ceiling referred to in Section 72(5) of the Railway Act, in order to finance capital expenditures.

## SCHEDULE F

ONE DOLLAR ITEMS WHICH AMEND ACTS OTHER THAN  
APPROPRIATION ACTS—3 ITEMS.

## AGRICULTURE

Vote 50a—To amend the Canadian Dairy Commission Act so as to provide for an increase from \$100 million to \$300 million in loans from the Minister of Finance which may be outstanding at any time under Section 16, sub-section (2) of the Act.

Explanation—The present act which was passed in 1967, authorized a \$100 million limit on loans for the purchase, package, storage and disposal, etc., of any dairy product.

This limit is no longer adequate because the value per lb. of butter and skim milk powder has increased considerably since 1967 and because the depressed world market for skim milk powder has led to higher inventories. It is expected that current year inventories will peak at about \$210 million and that similar or possibly greater requirements will exist in 1976-77.



## REGIONAL ECONOMIC EXPANSION—CAPE BRETON DEVELOPMENT CORPORATION

Vote L40a—To amend Section 19(2) of the Cape Breton Development Corporation Act.

**Explanation**—To increase by \$15 million the statutory ceiling on working capital advances that may be outstanding at any time. The present Act, which was passed in 1967, authorizes advances of up to \$10 million. The proposed revision to the ceiling is necessary to finance the increased unit value and volumes of coal and material inventories held by the Corporation.

## SECRETARY OF STATE—CANADIAN FILM DEVELOPMENT CORPORATION

Vote 62a—To authorize an increase of \$5 million in the statutory ceiling of the Canadian Film Development Corporation Act.

**Explanation**—The Canadian Film Development Corporation is financed by statutory funds which are obtained from the Consolidated Revenue Fund according to its needs. An amount of \$10 million was originally authorized under Section 18(1) of the Corporation Act. This was increased to \$20 million by Appropriation Act No. 4, 1971. The current request will raise the level to \$25 million.

These funds will be used for loans to film makers and investments in Canadian feature films in order to foster and promote the development of a feature film industry in Canada.

# Minutes of Proceedings

Tuesday, December 9, 1975

(28)

Pursuant to adjournment and notice, the Standing Senate Committee on National Finance met this day at 10:00 a.m. to further consider the Supplementary Estimates "A" laid before Parliament for the fiscal year ending March 31, 1976.

*Present:* The Honourable Senators Sparrow (*Deputy Chairman*), Benidickson, Grosart, Langlois and Smith (*Colchester*). (5)

*In attendance:* Mr. J. H. M. Cocks, Director of Administration.

*Witness from the Transportation Development Agency, Transport Canada:* Mr. Malcolm D. Armstrong, Chairman, was heard in explanation of the STOL service between Montreal and Ottawa.

*Also present but not heard:*

Mr. Mark Brenkman,  
Director of the Transportation Development Agency;

Mr. H. Block,  
Manager of C.A.T.A. STOL Projects Group.

After discussion it was *Agreed*, view of the fact that the Senate would be sitting within a few minutes, to adjourn the said discussion to a further date.

The question being put, it was *Resolved* to report on the said Supplementary Estimates "A" laid before Parliament for the fiscal year ending March 31, 1976.

At 11:00 a.m., the Committee adjourned to the call of the Chairman.

ATTEST:

Gérard Lemire,  
*Clerk of the Committee.*

# The Standing Senate Committee on National Finance

## Evidence

Ottawa, Tuesday, December 9, 1975

The Standing Senate Committee on National Finance, to which were referred the Supplementary Estimates (A) laid before Parliament for the fiscal year ending March 31, 1976, met this day at 10 a.m.

**Senator Herbert O. Sparrow** (*Deputy Chairman*) in the Chair.

**The Deputy Chairman:** Honourable senators, this morning we have with us Mr. Malcolm D. Armstrong, Chairman, Transportation Development Agency, Mr. Mark Brenckmann and Mr. F. C. Black—all of Transport Canada. Further to supplementary estimates (A), there were questions asked by Senator Benidickson pertaining to the STOL program and we are happy to have these officials with us this morning to explain it. Would you explain what your format is for this morning, Mr. Armstrong?

**Mr. Malcolm D. Armstrong, Chairman, Transportation Development Agency, Transport Canada:** Thank you, Mr. Chairman. We received rather short notice of this meeting but we understand that you wish to discuss STOL. In order to provide a starting point, we have prepared a short slide presentation which deals briefly with the general subject of STOL and goes quickly into a more detailed treatment of the current Airtransit operation, the demonstration project operating between Montreal and Ottawa. If you agree, I would propose to give the presentation rather quickly to provide a basis for subsequent discussion.

**The Deputy Chairman:** Yes, please proceed.

**Mr. Armstrong:** We will then leave it to you to decide just what, indeed, are the subjects you would like to go into more closely.

**The Deputy Chairman:** Thank you very much.

**Mr. Armstrong:** Both Mr. Brenckmann and Mr. Black have been associated with the demonstration project since its very inception—Mr. Black on the air administration side of the Ministry of Transport, and Mr. Brenckmann, of the staff of the Transportation Development Agency, on the experimental and evaluation side. If I cannot answer your questions, I am hoping that between them they can.

Perhaps we should go straight to the slide presentation. The subject is STOL, short take-off and landing air service. The aircraft depicted now is a very familiar sight. That is the Airtransit aircraft, one of a fleet of six which is operating between Ottawa and Montreal daily.

**Senator Benidickson:** How many flights are there daily?

**Mr. Armstrong:** It operates around 30 flights each way each day.

**Senator Benidickson:** Do you mind if I ask questions as we proceed, Mr. Chairman?

**The Deputy Chairman:** No; go ahead.

**Senator Benidickson:** What is the fare?

**Mr. Armstrong:** The fare, at the moment, is \$24 but during the peak hours there is a \$5 premium. So, if you want to fly when everyone else wants to it is \$29.

**Senator Langlois:** That is a recent increase.

**Mr. Armstrong:** It is fairly recent.

**Senator Benidickson:** Does it include bus transportation, downtown to downtown?

**Mr. Armstrong:** It does include transportation downtown to downtown.

**Senator Langlois:** A very good service.

**Mr. Armstrong:** The fare was originally pitched at \$20 when the service started, which included the bus from downtown to the airport in each direction. The aim was to pitch the total trip cost slightly below that of the CTOL, the conventional total trip cost. So, the nominal fare was higher than the nominal fare for conventional air, but the total trip was slightly less.

**Senator Benidickson:** When you introduced your associates, you said they had been associated with STOL from the beginning. What is the date of the beginning?

**Mr. Armstrong:** The facts will emerge if I run through these slides.

**The Deputy Chairman:** We will proceed with the slides first.

**Mr. Armstrong:** This is really the beginning of the answer to that question.

**Senator Smith:** Could I ask, what is the capacity of each plane?

**Mr. Armstrong:** The answer will emerge from the slides, but it happens to be 12 seats at the moment.

**Senator Smith:** Thank you.

**Mr. Armstrong:** Slide No. 1 reminds us that in the early seventies air transport was experiencing a very rapid rate of growth and Canada was no exception. We recorded expansion rates as high as 20 per cent per annum in certain sectors and we saw the beginning of congestion at three points in Canada—Montreal, Toronto and Vancouver.

A very significant proportion of the total air traffic is short-haul traffic, and it is this segment that is really hardest hit by delays due to congestion. In the early 1970s



we began to find particularly that the short-haul traveller in these centres was beginning to feel the effects of congestion. Some of that congestion was in the air, but most of it was on the ground, either on the air-side on the ground, at the gates, or in the terminals. Most of it was in the terminals in the processing of the passengers or in the ground access. The length of time that the short-haul passenger was taking to get to and from the aircraft was becoming excessive in view of the comparatively short flight he was going to take. This really amounted to a great inconvenience to the short-haul traveller, and it was due to congestion.

This was really the problem which gave rise to the thinking about the development of alternative systems. Thoughts then turned to what we now know as STOL. The idea was that if you could use a short-field aircraft so that the airport would occupy a small amount of land, you might be able to introduce airports closer to the points that the passengers wanted either to leave or go to.

Slide No. 2 shows simply a metropolitan hub where an airport has been introduced into the metropolitan area, and you see the international airport and round about it you see other cities, city "A", city "B", a satellite city and other generators and attractors of traffic in the form of an industrial park and a resort.

To make the concept work, certain characteristics are absolute prerequisites and these are shown in slide No. 3. The airfield must be short, to minimize the amount of land taken up by the airport; steep ascent and descent are necessary to minimize the footprint of the aircraft on the ground and so minimize the inconvenience to the people on the ground; it must be quiet, again to make it environmentally acceptable and to reduce the impact on the people on the ground in the areas that it serves; and to be fully effective the aircraft and system as a whole must be fully certified and operate exactly, so far as the passengers are concerned, in the same way as the scheduled services now do, offering the full standards of service and safety we have come to expect.

At the time there were two development projects in Canada on short take-off and landing aircraft. We have here an artist's impression of the Dash 7, with which we are now all familiar. The other one was the Canadair tilt-wing aircraft.

Canada already had experience with short-field aircraft and there were developments in hand to create bigger and better aircraft with the same kind of characteristics. The studies that went on at that time, exploring the potential of STOL Service were carried out in both industry and government, and the Science Council in particular went into this subject quite deeply. In May 1971 the whole effort resulted in a cabinet decision to inaugurate, as soon as possible, a STOL demonstration service, which we now know as the Airtransit Service. That is when authority was given to go ahead with the development of this service. (Slide No. 4)

Certain objectives were identified for this demonstration service, and you can see them listed on slide No. 5. The first objective was to define and develop a system and regulations. This is sometimes forgotten, but this is a new kind of flying requiring new regulations and new operating rules to make it fully compatible with the existing kind of air services. Further objectives are: to test the operational feasibility of the aircraft, the equipment, the special systems that are involved in navigation, landing and take-

off; to test passenger acceptance and to test community reaction; to test the economic variables involved in this kind of flying; and to stimulate international STOL markets so that we can capitalize on the lead position this country enjoys as a result of the development of this kind of flying in Canada.

At the time, the only aircraft available of a tried and true nature was the DHC-6, the Twin Otter which is shown in Slide No. 6. It normally flies with an 18 or 19 seat configuration, many more seats than you see here, but for purposes of this experiment, to satisfy all the requirements of the test and to take account of the fact that the aircraft are flying with a very much larger than normal load of avionics they were first fitted with 11 seats.

The aircraft all have a very sophisticated navigation system and they carry special equipment which permits the recording of just how well the aircraft is performing in maintaining its flight path. All of these things add weight and as it was not possible to have the normal 18 or 19 seats it was decided to simulate the ultimate STOL service that may be offered by a Dash 7 as well as possible by putting in the Dash 7 seats. That is the configuration you see in this slide. The gap towards the rear is, of course, the doorway through which people board and disembark from the aircraft. There is a door at the back which gives access to a small compartment containing a toilet.

I mentioned quietness. This brings up the question of noise. Slide No. 7 illustrates the difference between STOL operation with a Dash 7, and the normal, conventional, take-off and landing aircraft. The smaller diagram on the left shows that the noise footprint, on the ground, of the Dash 7 service is roughly half a square mile in area, whereas in the case of STOL, with a conventional approach and a conventional aircraft, the area is something like 30 square miles. This indicates the advantage that STOL has in developed areas in minimizing the noise footprint and noise interference in the communities below.

A project like this is launched only after a prolonged period of preparation and planning. Slide No. 8 is inserted here to show how much time elapsed after May, 1971, the date when authority for the program was granted by cabinet decision. You can see that there was a period of intensive study before that, but after May, 1971, the serious process had to be undertaken of route and site selection, of the design of all facilities, the aircraft, the airborne and ground systems required to enable the service to operate, and of the airports themselves. All of these had to be designed and costed, and in addition, of course, the normal processes of financing and administration had to proceed.

In April, 1972 the aircraft procurement process started, and this resulted in six aircraft becoming available in December, 1973. The process I refer to was a very complex one of testing and evaluating the systems that were to be used for navigation, and other requirements, for the type of flying we were getting into.

STOLport construction started in July, 1973 and went on until April, 1974. Then, we have formation of the airline. A special airline was formed to fly the service and this took place between October, 1973 and July, 1974. Passenger service started in July, 1974 and, of course, continues today. It was originally scheduled to operate until August, 1976. When the demonstration service stops there will be a wrap-up period during which the evaluation of the service process will be completed.

Now a word about how much all this cost. Slide No. 9 shows that Capital expenditures totalled \$15.5 million made up in the way you see displayed. The aircraft and spare parts cost \$5.3 million, and the electronics needed for this kind of flying cost another \$2.7 million. That is a total of \$8 million for the aircraft and electronics system. The two STOLports totalled \$5.6 million, with the Montreal STOLport costing a great deal more than the one in Ottawa. The job in Ottawa was comparatively minor compared to the job in Montreal where we were involved in the construction of an airport on a garbage dump which was still settling madly and still giving off large quantities of marsh gas which in itself posed a special problem.

**Senator Benidickson:** Is the Montreal STOLport used for any other purpose?

**Mr. Armstrong:** Not at all.

**Senator Benidickson:** Is the one at Rockcliffe still used in any way for defence forces?

**Mr. Armstrong:** No, otherwise it is just a private flying club operation.

The other side of the cost picture, of course, is the operating costs, and it is given in Slide No. 10 for three periods. The first is the pre-operational period, when the systems were being tested, the aircraft were being introduced and the airline was being formed, the crews were being trained and so on. This cost \$2.5 million in operating expenditures before the service started. The first operational year, from August, 1974 to July, 1975, cost \$3.5 million, and the remainder of the demonstration which is scheduled to operate until August, 1976 will cost \$4.1 million. The two operating years indicate the inevitable increased cost due to inflation, wage increases, material costs and so on. So the total is \$10.1 million, which, with the \$15.5 million on the previous slide, makes a total of \$25.6 million.

**Senator Benidickson:** When you use a figure on that slide for up to August, 1976, it seems to me that I have read in the media in the last few weeks that your funds, as so far allocated, will run out by about April, 1976.

**Mr. Armstrong:** That is correct. Consideration is currently being given to what must be done to meet this situation. The net costs of operating the airline have been somewhat higher than were anticipated three years ago, so the money will run out before the target date.

**Senator Benidickson:** Is that not true of the whole industry?

**Mr. Armstrong:** That is right.

The next few slides give some of the results of the demonstration project in simplified form. Slide No. 11 shows some of the measures of operating success, namely—flight completion and on-time departure for the first year of operation. On the left you see the STOL picture, and on the right you see CTOL. The white part of the bar indicates that the on-time performance of STOL was indeed better than that of the conventional service between Ottawa and Montreal.

**Senator Benidickson:** I do not see the actual figures or percentages. Is there some way they could be put on the record?

**Mr. Armstrong:** We can provide them; we have them available and we can make them available to you.

STOL cancellations = 7.5%	CTOL cancellations = 5.5%
STOL delays over 5" = 2.5%	CTOL delays over 5' = 18%
STOL on time = 90%	CTOL on time = 76.5%

The brown bar at the top shows cancellations and you can see that the cancelled flights were, indeed, more numerous for STOL than for CTOL. This is a reflection of the type of aircraft used, which was the best we had available but not necessarily the best for the job, which is the reason for more cancellations. The delays suffered by STOL were, indeed, a great deal less than those suffered by the CTOL flying between the points.

**Senator Benidickson:** Is that in part because the frequency is much greater for STOL?

**Mr. Armstrong:** No, it is due to a number of factors, mainly the cleanness and streamlined nature of the process. If you have made use of the service you know that there is very little time lost in processing on the ground; the aircraft is right by the building and there is no time lost. If the plane is going, it goes; there is nothing to hold it up. It is just a reflection of the very much simpler atmosphere of this type of service, which is a feature that must be maintained. Processing these passengers through the complex terminal of an international airport would remove much of the advantage.

Slide No. 12 shows total trip time, downtown to downtown, for the different modes presently available, this reminds me to point out a very obvious reason for choosing Ottawa-Montreal as the service to be operated by this demonstration. That is that STOL was put to the test in an atmosphere of very keen competition with bus, train, car and conventional air.

You can see from the time scales that we have allowed for access and egress time to and from the service, whatever it is, and some processing time, except in the case of the auto, obviously. One can see from this comparison the advantage of STOL.

**Senator Benidickson:** Would you put the actual figures on the record, please?

**Mr. Armstrong:** The actual times reflected for the different services are from downtown to downtown, being: 90 minutes for STOL; 120 minutes for ACTOL or conventional air; 140 minutes, average time, for the car; 180 minutes by train; and 190 minutes by bus.

**Senator Benidickson:** Thank you.

**Mr. Armstrong:** Another point is, of course, the cost. I mentioned earlier that the total trip cost for STOL was pitched at just below the total trip cost for the conventional air. On this slide, No. 13, you see the comparison between the different modes. The reason for having two bars for each mode is the following: taking the case of train, you could opt to go to the train by taxi or public transport. That is why the blue segments are a different size. It could also be decided to travel by one or two classes of travel on the train, so the white segments are a different size. However, taking the cheaper service offered by each of the modes, you can see that the complete trip between the two



points can be made by bus for something in the order of \$8, by train for something like \$9, by car the perceived cost, that which is actually paid out to make the trip on they day it is made, is something like \$10.50 or \$11 for gas, parking and so on. However, if the hidden costs are taken into consideration, the real cost of the auto trip would be in the neighbourhood of \$21. The minimum cost by conventional air, taking a bus at each end rather than a taxi, would be in the order of \$28 or \$29, whereas the simple fare on the STOL, downtown to downtown, would be \$25.

Now, what kind of passengers did we attract on this service in the first year? (Slide No. 14) I believe something in the order of 95,000 passengers were carried on this service. Surveys have shown that 98 per cent of those were travelling on business. Obviously, these percentages will not add up to 100 because each one represents a different figure. 90 per cent of the travellers fell into the category of professionals, such as managers or salespeople; 15 per cent of the total turned out to be federal employees; 80 per cent were making return trips, and usually in one day; 75 per cent of the trips to the two places being served started or ended downtown; and 67 per cent of those using the service travelled on the buses provided to get them to or from the STOLport.

**Senator Benidickson:** How do you calculate that 15 per cent federal employees? Is that determined from a charge account, from billing?

**Mr. Armstrong:** From the central travel service billing process. The 15 per cent government employees is the figure given by the central travel service.

Slide No. 15 is an attempt to show how and where the traffic came from. The part of the diagram on the left shows the total travel between Montreal and Ottawa in a period of one year, namely 2.8 million passengers. It is made up in the way that can be seen on the chart. It will be seen that the vast majority, something like 67 per cent, travel by car, and the remainder by bus and rail. The bus carries a fair proportion. The two air services carry a comparatively minor fraction of the traffic.

**Senator Benidickson:** What would you determine that fraction to be?

**Mr. Armstrong:** Each one carries something like 3 per cent of the total traffic. So between them they are carrying 6 per cent. Rail is carrying about 8 per cent and auto 67 per cent. For the bus it looks from the slide to be about 15 per cent or 20 per cent.

If we turn now to the fraction carried on STOL, and ask where came from, of the 94,000 paying passengers carried in that year it will be seen that a large chunk of it came from conventional air, perhaps just under one-third. Another large fraction, perhaps 25 per cent . . .

**Senator Benidickson:** I do not quite understand. What do you mean when you say "from conventional air"? Do you mean people who have come in at an airport?

**Mr. Armstrong:** No. If the STOL service had not been working, 30 per cent of the people would have travelled by conventional air. In other words, we feel that they were travelling by conventional air and we pulled them away from that means of travel.

**Senator Langlois:** Were these figures gathered from a questionnaire which you circulated to your clients?

**Mr. Armstrong:** They were obtained by actual survey. It will be seen that we pulled perhaps 25 per cent of our traffic from auto; but it is still a comparatively small fraction of the auto traffic. We pulled some from the bus and a fair chunk from rail. We think that the sheer convenience of the service induced a little extra traffic that would not otherwise have travelled this way. That is the pale bar at the bottom, which is something like 2 or 3 per cent.

We have also made surveys of the attitudinal characteristics of the passengers, to find out what sort of things are important to them. (Slide No. 16) The parameters we have examined in this respect are: trip time, on-time reliability, convenience of the trip, ride comfort, trip cost, and on-board service. We have assessed whether these characteristics are very important to the traveller, only moderately important, or not important at all.

If we just look at the brown part of the diagram, which indicates the proportion of passengers who said that the characteristic was very important to them, we can see that the most important thing, by far, was trip time. In other words, the time taken in travel was the most important factor. The next factor in terms of importance was reliability—the degree of certainty that one has in taking this service that one can be at a certain place at a specific time. That was the next most important factor. The third factor in terms of importance, but way down, is the actual convenience that we are offering. The rest of the features which, I think, subjectively, you and I would have thought would have been important, were rated as being quite important by the traveller, and these were ride comfort, trip cost and on-board service. In other words, the passenger does not care what the cost and comfort is like; rather, he just wants to get there in quick fashion and on time.

**Senator Benidickson:** I cannot understand why on-time reliability would be rated as the second most important factor. Surely competitive modes of travel, such as train or bus, or even conventional airline service, are fairly reliable in maintaining time schedules?

**Mr. Armstrong:** Yes, that is true. This is not a comparative evaluation. This is an absolute evaluation of this service.

**Senator Benidickson:** But in giving their reasons as to why they liked STOL, they must have been finding something unsatisfactory with the alternative types of service in the on-time category.

**Mr. Armstrong:** I do not know whether that is necessarily true. On-time reliability of the car, for example, might, indeed, be considered by some people to be the best of all. It would be entirely within the control of the driver.

**The Deputy Chairman:** It would seem to me, Senator Benidickson, that trip time would not matter if it were not reliable. In other words, if the users could not get to their destination when they wanted to arrive, then the trip time would not matter. It seems to me that is what the survey would indicate.

**Mr. Armstrong:** Let us suppose that STOL, in someone's mind, is equally reliable to the car. In that event, trip time may be a very important factor which would bring that individual to STOL.

**Senator Benidickson:** That rates number one.



**Mr. Armstrong:** Yes. In assessing each of these characteristics, this is the relative ordering of these characteristics for this service. After the user has made this assessment, he would still make some subjective judgment between this type of service and his own car, or bus, or rail, or whatever mode he wished to use.

From the point of view of this test, this is regarded as being a very important outcome, as it indicates the important characteristics to be offered to the user in the planning of any future service.

A quick word about the airline operating costs. (Slide No. 17) These are airline operating costs only. The reason for that is that this service is being operated as an exclusive service from two airports. It is the only airline operating out of the two airports involved. The total cost, therefore, is high, but it is an unreal cost in that it would normally be shared with other users. For that reason, we have excluded it and show on this chart only the airline's own operating costs. The operating costs are given in terms of direct costs, (aircraft related), and the indirect costs (the ground service costs to the airline). We give it in terms of dollars per passenger handled for the DHC-6, which is the present aircraft, when it had 11 seats. I say that because it now has 12 seats. For the 11-seat Twin Otter the direct operating costs are \$22 per passenger, the indirect costs are \$17 per passenger, giving a total cost of \$39 per passenger.

**Senator Benidickson:** What are the things that make up the indirect costs?

**Mr. Armstrong:** The indirect costs are the total ground services of passenger handling. They include such items as: the reservation service; the agents at the desk who serve the passengers when they present themselves at the STOL port; the STOLmobile that collects and takes passengers away; the cost of servicing aircraft on the ground, as paid by the airline itself this does not include the air administration regional crews who keep the airport working. We arrive at a total cost per passenger of \$39, and revenue in 1974-75, which was before the fares escalated to their present level, at an average of \$21 per passenger, with, obviously, a deficit of \$18.

Looking at the projected costs for a Dash 7 aircraft with 48 seats, the direct costs are down to \$10 per passenger.

**Senator Benidickson:** That is on a 60 per cent basis?

**Mr. Armstrong:** On a 60 per cent load factor basis, which is the same for the two aircraft. The indirect costs remain virtually unchanged, because they are not related to the size of the aircraft, at slightly less than \$15, for a total cost of \$25 projected per passenger.

**Senator Benidickson:** As against \$39 for the 11-seater?

**Mr. Armstrong:** As against \$39 on the 11-seater. The important thing here is that, while the present system, which never was dreamed of as being an economic system, shows a deficit of \$18 per passenger, the projected position for the Dash 7, with 48 seats but 60 per cent filled on average, is that the revenue would slightly exceed the cost. It may be said that \$1 on \$25 is not really much of a margin, but the main thing to observe is that the present situation on the conventional CTOL is that such services lose money, so there is projected here the hope that short haul services can be operated at an economic cost.

Surveys have been made to determine the reaction of the communities served, by surveys carried out before and after the service started. (Slide No. 18). Dealing with the residents of Ottawa and with the people who live close to the STOLport, it is to be noted that the number of people who considered the service unfavourably dropped quite significantly after the service started. We regard this as being a very important achievement of the service, because, as you can imagine, Rockcliffe is possibly one of the most sensitive communities in Canada into which to think of introducing an airline service at such close quarters. Admittedly, there was an airport there before, and flying had gone on there before; nevertheless this was the introduction of a scheduled service. There was difficulty, but, as you can see, as people got used to it the degree of acceptance increased.

I really do not think it is necessary to speak about the rest of the notes on whether it was favourable or unfavourable, because the order of change is so small it is very difficult to say that they were significant changes,—but if we just look at the blue bands in each case, in each pair of charts, we can see that the righthand band of the pair increases in comparison to the lefthand band, which generally indicated that the favourable response increased after the introduction of the service, whether the people lived close to the airport or elsewhere in the community.

**Senator Benidickson:** I missed the explanation—you probably have explained this before—of the two sets of “before” and “after” setups there. I am looking at Ottawa in particular.

**Mr. Armstrong:** I will just run through it quickly for you. The left half of the chart deals with Ottawa. The reason there are two pairs of bars for Ottawa is that the left-hand pair deal with the residents that live close to the airport and the right-hand pair deal with those that live elsewhere in Ottawa.

**Senator Benidickson:** Thank you.

**The witness:** The position was not quite the same for the two groups of people. Essentially the outcome was the same. The awareness increased and the favourable response improved after the service was introduced.

Having mentioned what the objectives were at the outset, let us examine what has been achieved by this service with respect to each of the six objectives. (Slide No. 19)

“To define and develop the systems and the regulations”, this is essentially completed. Although we are obviously still accumulating experience we can say this has been very largely achieved.

It is quite a remarkable “first” in the world. It is a very sophisticated service. The aircraft are possibly the most sophisticated instrumented aircraft flying in regular passenger service and it has provided a very fine shop window for Canadian aircraft of this type and, of course, for the Dash 7 which is emerging.

“To test the operational feasibility”, we consider that this has been quite adequately demonstrated. Of course, the process results in development of the operation and these are going ahead.

“To test passenger acceptance”, the results of this test have been very favourable, admittedly with respect to a very special group of people. It hardly could be said to be



serving the public at large. However, it was very highly valued by a small but important group of people.

**Senator Benidickson:** Would you tell me what is the percentage of travellers between the two cities that use STOL?

**Mr. Armstrong:** STOL carries about 3 per cent of the passengers travelling.

**Senator Benidickson:** That is, of 2,800,000?

**Mr. Armstrong:** It is not far from the three million mark. The number of people carried in the first year of operation was around 100,000 and that is out of three million, so it is actually 3 per cent.

With respect to "the test of community reaction", the initial expectation on announcing the demonstration had been a ho-hum kind of reaction. But where one might have expected a reaction to actual operations, we found that as the service became established the acceptance improved in all cases.

With regard to "the test of economic variables", the data is being analysed. We have now a wealth of experience about the costs of running this kind of service and the demand elasticity to fares, because part of the experiment was to change the fares in order to explore the variations in the demand; in other words, what price would people be prepared to pay for the characteristics of the service being offered.

The final objective, of course, is "to stimulate international STOL markets". I have already mentioned that this has provided an extremely visible marketplace, shop window, for Canadian industry entering the international STOL market.

The final picture illustrates the aircraft on which the hopes of the industry are pinned—the Dash 7.

Mr. Chairman, that is the last slide. Obviously, there are many other things we could have said, but I thought perhaps you would prefer to ask us specific questions as they occurred to you.

**The Deputy Chairman:** Thank you, Mr. Armstrong. I would ask Senator Benidickson to begin.

**Senator Benidickson:** Mr. Chairman, I should just like to thank Mr. Armstrong for a most interesting presentation. I congratulate him upon it.

I wish to indicate to you, Mr. Armstrong, what my past interest has been. That we might, as a government, be embarking in the STOL project was first drawn to my attention by an article in the *Financial Post* written by Clive Baxter. At that time, about three years ago, it was indicated that there would be a consortium engaged in this project which would include, for instance, Air Canada. That alarmed me exceedingly, because I did not think Air Canada should be in the manufacturing business. I thought that Air Canada should be free to buy its aircraft with complete independence according to its needs in any market anywhere.

I expressed those views probably six months later in a debate in the Senate. Unfortunately, I was not able to find the reference before coming to the committee. However, I have quite a distinct recollection of receiving comments from colleagues in the Senate after I had made by remarks.

In any event, I believe it was about a year later when Mr. Baxter wrote some further stories about the STOL situation. There were references to rationalization which would include deHavilland and Canadair, and so on. You would be more familiar with that than I am myself. I had some apprehension about government plunging into something as big as was being predicted in the manufacturing side of the aviation industry. My preference for that would be private enterprise. I judge that perhaps it is your preference as well, because I have read recently that over the past six months, shall we say, news stories have indicated that it is your objective to try to have a partnership in the whole aviation planning. I think this is largely a Department of Industry, Trade and Commerce enterprise. However, I am thinking of participation by interested people apart from government. It would not continue to be exclusively a crown operation.

I live in Rockcliffe, but it has never been a personal problem. I do not know that it even exists. I have not actually used the service. I therefore have no prejudice in connection with it.

I would like you to tell us something about what we already are committed to, and what we have expended to date in connection with this STOL experiment. I would then like to indicate to you that I have been somewhat disturbed by the fact that while we have had this available for demonstration, and while we hear about sales forces becoming larger and larger, and attempting to get firm commitments from customers, I do not think I have read much in the way of such commitments by either domestic or foreign purchasers of the Dash 7, if and when it becomes available. I thought perhaps you might comment on that.

When it comes to making judgments on this matter we are once again put in a somewhat awkward position, since we only heard last week, I think, from Mr. Jamieson, that he proposed to take the final step of exercising the option with respect to Canadair. I considered the only press release that I was able to find last week a little confusing in connection with the figures regarding employment that might result from the overall picture of government ownership, not only of deHavilland, which we have had for some time, but now of Canadair, and our government commitment in the actual operating field. I suppose that in actual fact Air Canada have operated this service, but we have guaranteed their expenses. I wonder if you could give us a little information with regard to the job picture as well.

Those are the things that I wanted to express a general interest in. Some of them may be largely the responsibility of the Department of Industry, Trade and Commerce, and may be questions that really should be answered by a minister. I do not want to press you, personally.

**Mr. Armstrong:** I think there may be responsibility on both sides. The questions regarding the aircraft, however, and the actions of the aircraft industry in developing and putting the Dash 7 into production, together with the rationalization process that we have seen implemented as far as the air industry is concerned, and its effect on deHavilland and Canadair, are very specifically the concern of the Department of Industry, Trade and Commerce, and I would not want to try to comment on that, since it would be strictly from the standpoint of an observer.

**Senator Benidickson:** I appreciate that.

**Mr. Armstrong:** Expenditures to date, the job situation, general strategy and so on are all part of the department's concern.

**Senator Benidickson:** So in effect, really, and in fairness, with only you and your associates present, we should confine ourselves, as in the supplementary estimates (A), on page 130, to the role of the Transportation Development Agency. You have responsibility for STOL in this vote, have you?

**Mr. Armstrong:** Yes. The budget for the STOL system, as we have seen it implemented so far, which is the experimental system, has been channelled to this particular agency for budgeting purposes.

**Senator Benidickson:** Could you give us a little history of it?

**The Deputy Chairman:** Senator Benidickson, I am reluctant to interrupt you, but the Senate is in session. When we asked the witnesses to appear we were not aware that the Senate would be sitting this morning at 11 o'clock. We do not have authority to sit while the Senate is sitting, so I think we have to adjourn our discussion for the time being. I know there are many questions we would all like to ask, but I wonder if I could at this time on your behalf thank these gentlemen for being with us this morning, and at the same time express the hope that at some future date they might return. We could then have a further discussion of this very important issue.

Would honourable senators give me permission to report to the Senate on our study of the supplementary estimates (A)?

**Senator Benidickson:** Well, Mr. Chairman, I have checked into the situation and the supplementary estimates will not be dealt with in the other place before tonight, and I am not one who likes to see the Senate breach its rules. I certainly would not object to your making your report today but, as opposed to what we did last March, I should like to see the usual time-lapse. I would not want unanimous consent to be requested to vary our rules. We could probably have a discussion of the report tomorrow.

**The Deputy Chairman:** I am sorry, Senator Benidickson, but I am not sure that I understand the point you are making.

**Senator Benidickson:** What I am saying is that I believe that normally it takes a period of 24 hours.

**The Deputy Chairman:** I would like to report today, if I could, and then we could discuss it at the next sitting of the Senate.

**Senator Benidickson:** So the report will be printed and appear in our Minutes for today?

**The Deputy Chairman:** Yes, that is right. I shall not be asking for leave to have the report considered today.

The committee adjourned.



# Air Transport Situation in early 70's

Recent Experience -  
A Decade of Tremendous Growth in Traffic

1970 Growth Rates -  
10 to 20% Per Annum in Various Sectors

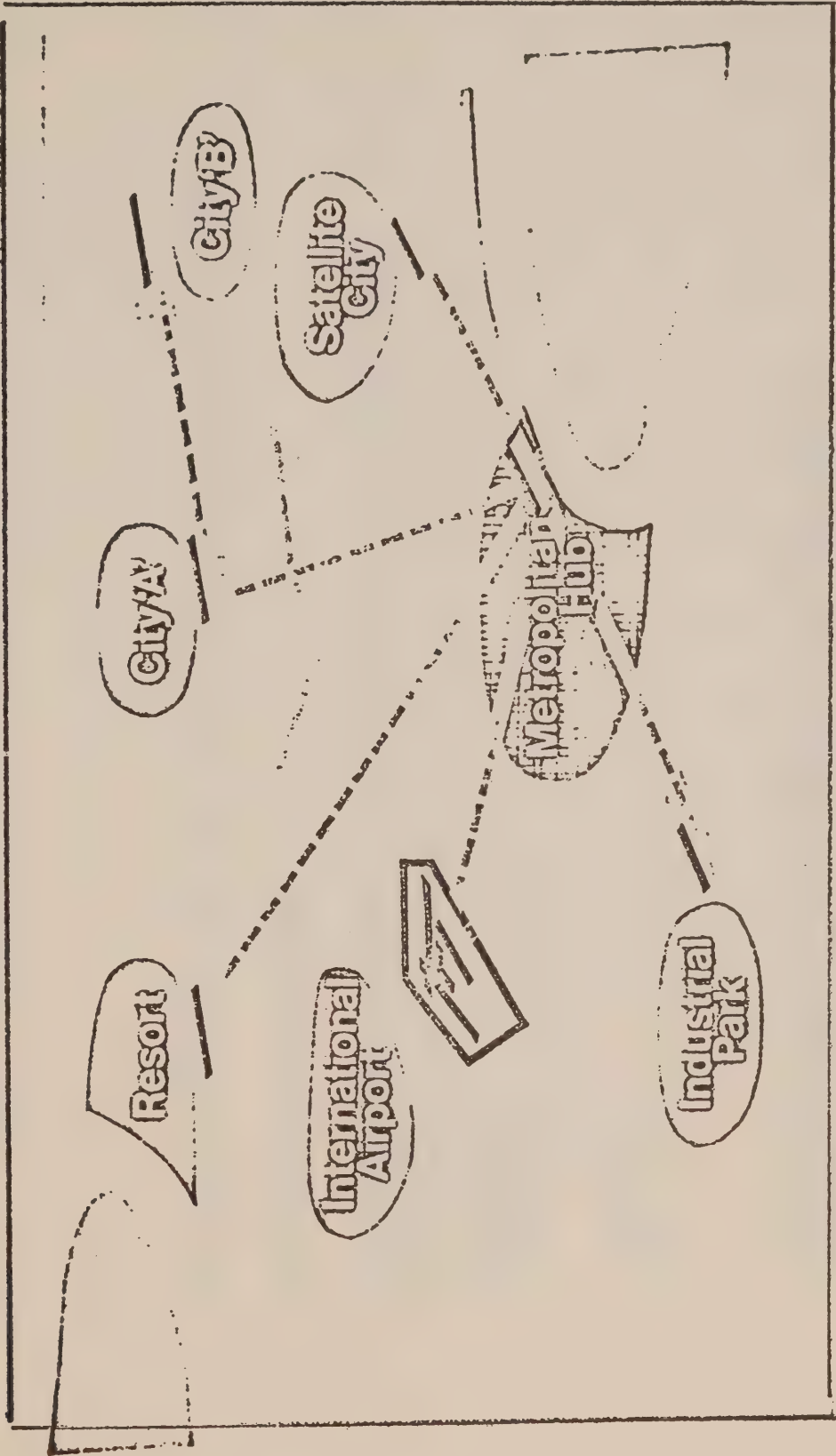
Highest Traffic Densities -  
Montreal, Toronto, Vancouver

Short-haul Hit Hardest by Delays and Costs  
Caused by Congestion

Short-haul Significant Proportion of  
Total Air Transport

Nº 2

# Potential Roles of STOL



Nº 3

# **STOL Air Transport Systems**

**Short**

**Steep**

**Quiet**

**Fully Certified**



N° 4

# **May 1971 Cabinet Decision**

**Inaugurate a STOL Demonstration Service**

**Develop a recommendation to Cabinet  
on a Major National Programme  
in STOL**

# **Demonstration Objectives**

**Define & Develop System & Regulations**

**Test Operational Feasibility**

**Test Passenger Acceptance**

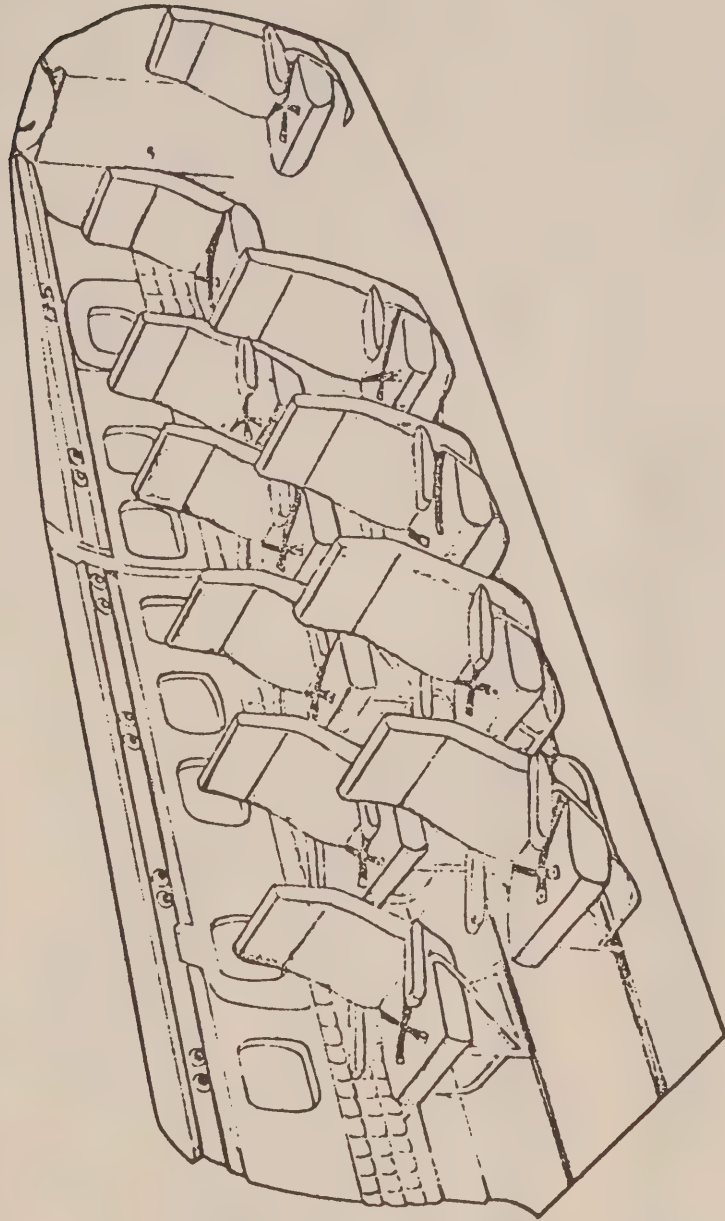
**Test Community Reaction**

**Test Economic Variables**

**Stimulate International STOL Markets**

No 6

# Cabin Layout of — Twin Otter STOL Demonstration Aircraft





# Typical Noise Footprint

## Area of 90 PNdb Footprint

STOL 0.5 sq. mile

DHC.7

10°

7.5°

90000'

more than 20 miles

3°

CTOL 30 sq. miles

# Time Table of Major Activities

Preliminary planning	Oct. 70 - May 71
Site selection, design and costing	May 71 - Mar. 73
Aircraft procurement	Apr. 72 - Dec. 73
STOLport construction	Jul. 73 - Apr. 74
Formation of airline	Oct. 73 - Jul. 74
Passenger service	Jul. 74 - Aug. 76
Completion of evaluation	Mar. 77

No 9

## Capital Expenditures (\$1,000,000)

Technical trials and studies	0.8
Application and market studies	1.1
STOLport — Montreal	3.7
STOLport — Ottawa	1.9
Aircraft and spares	5.3
Electronics	2.7
Total	15.5

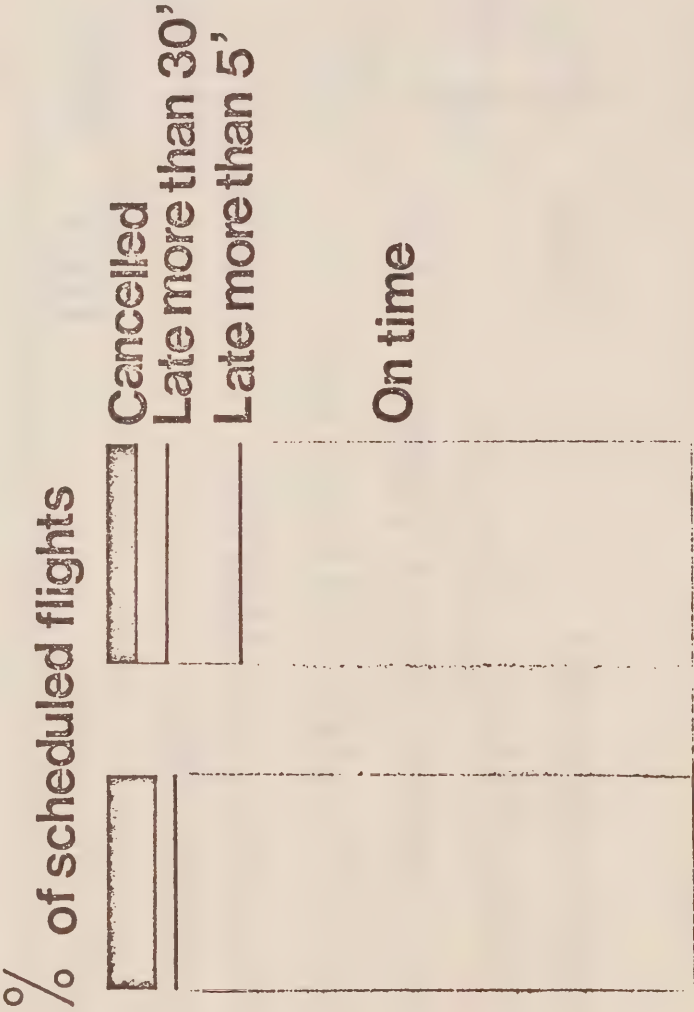


Net Operating Expenditures  
(\$1,000,000)

	Actuals	Forecast
Preoperational (To Jul. 74)	2.5	
First Operational Year (Aug. 74 - Jul. 75)	3.5	
Remainder of Demo (To Aug. 76)	4.1	
Total	10.1	

N<sup>o</sup> 11

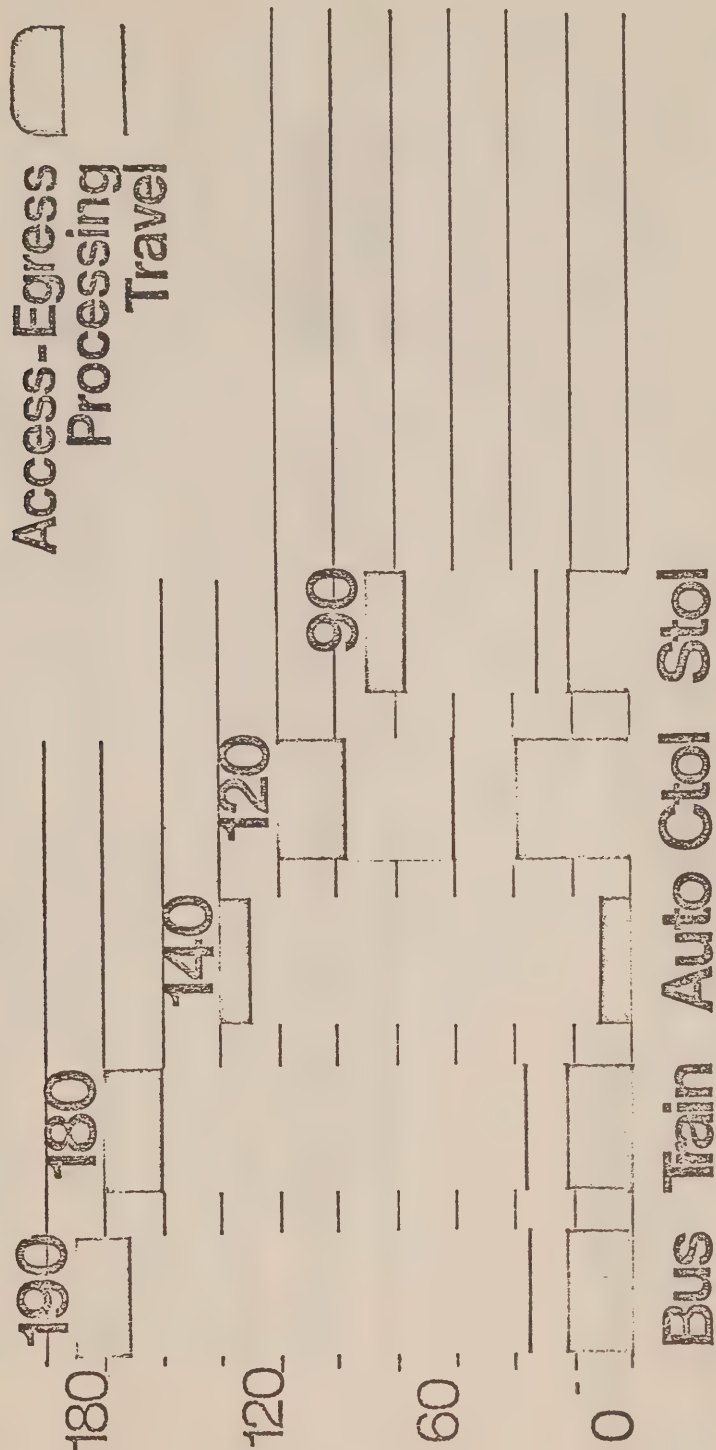
# Flight Completion and On Time Departure (Aug. 74 to Jul. 75)



STOL      CTOL (Short haul flights through Ottawa & Mtl.)

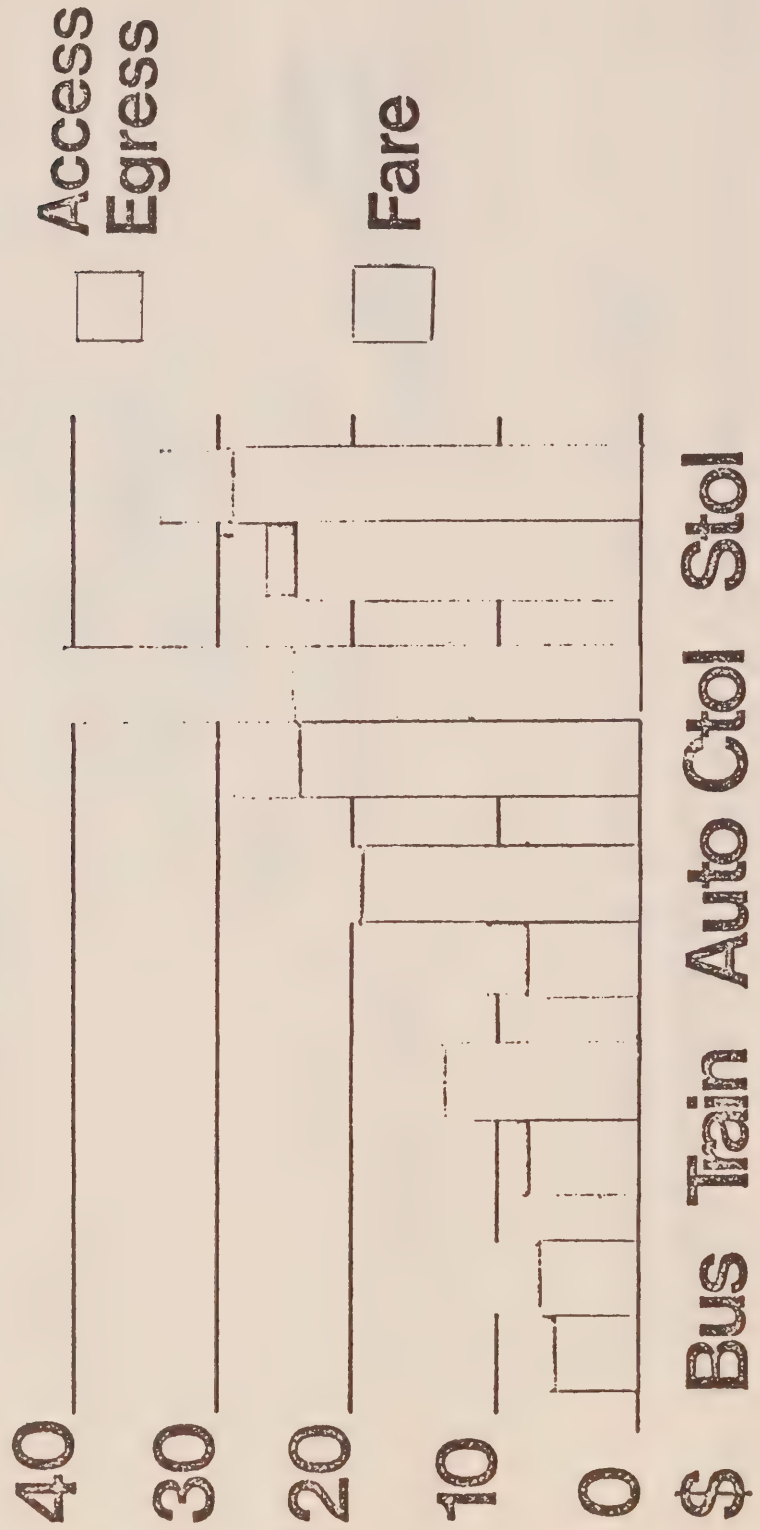
Nº 12

# Ottawa-Montreal — Comparison of Modes — In minutes





# Competitive Environment — Range of Trip Cost Including Urban Transport, Parking — Montreal-Ottawa

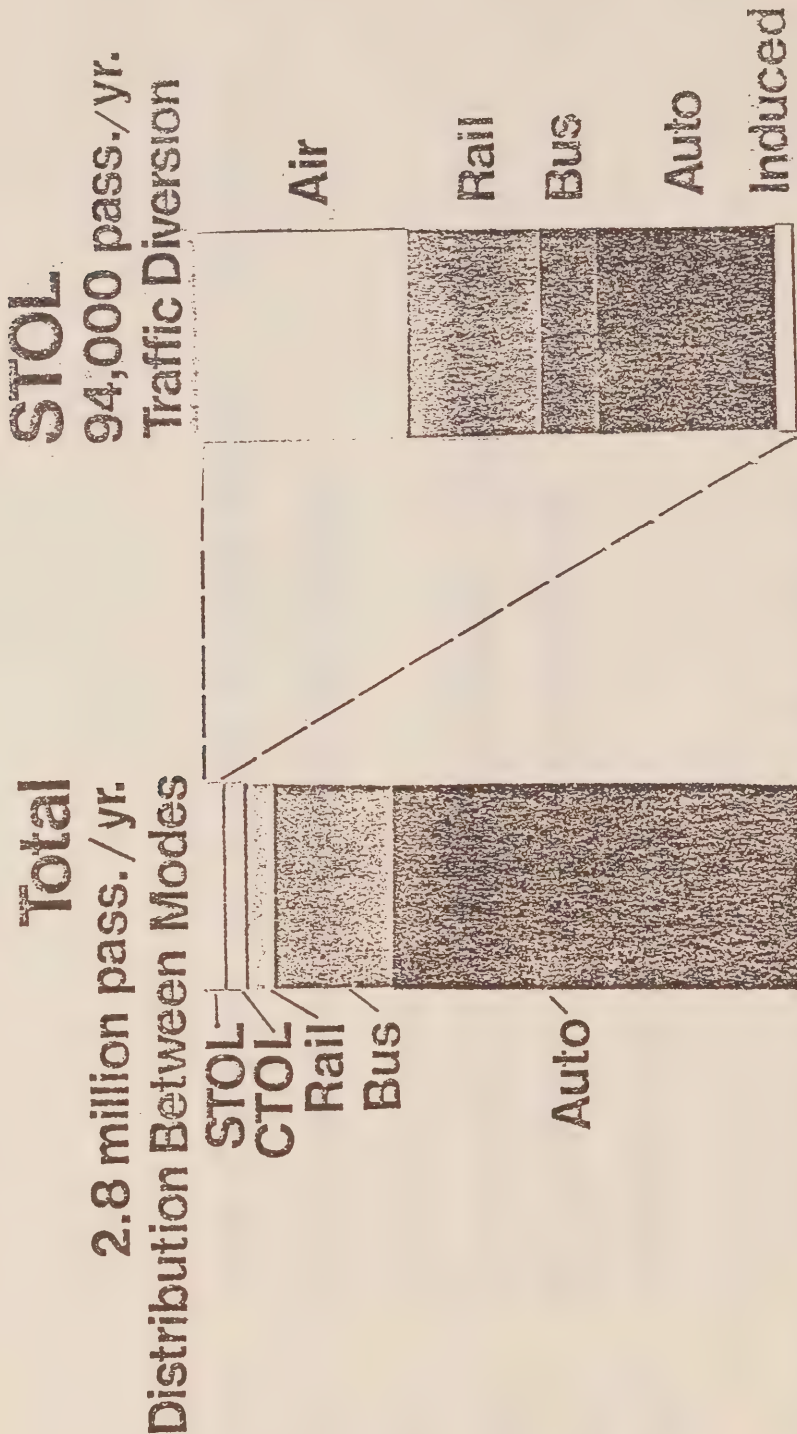


# STOL Passenger Characteristics

98%	business travel
90%	professionnals, managers, sales
15%	government employees (federal)
80%	return trips
75%	start or end trip downtown
67%	use bus to or from STOLport

N° 15

# Montreal-Ottawa Traffic (Aug. 74 to Jul. 75)

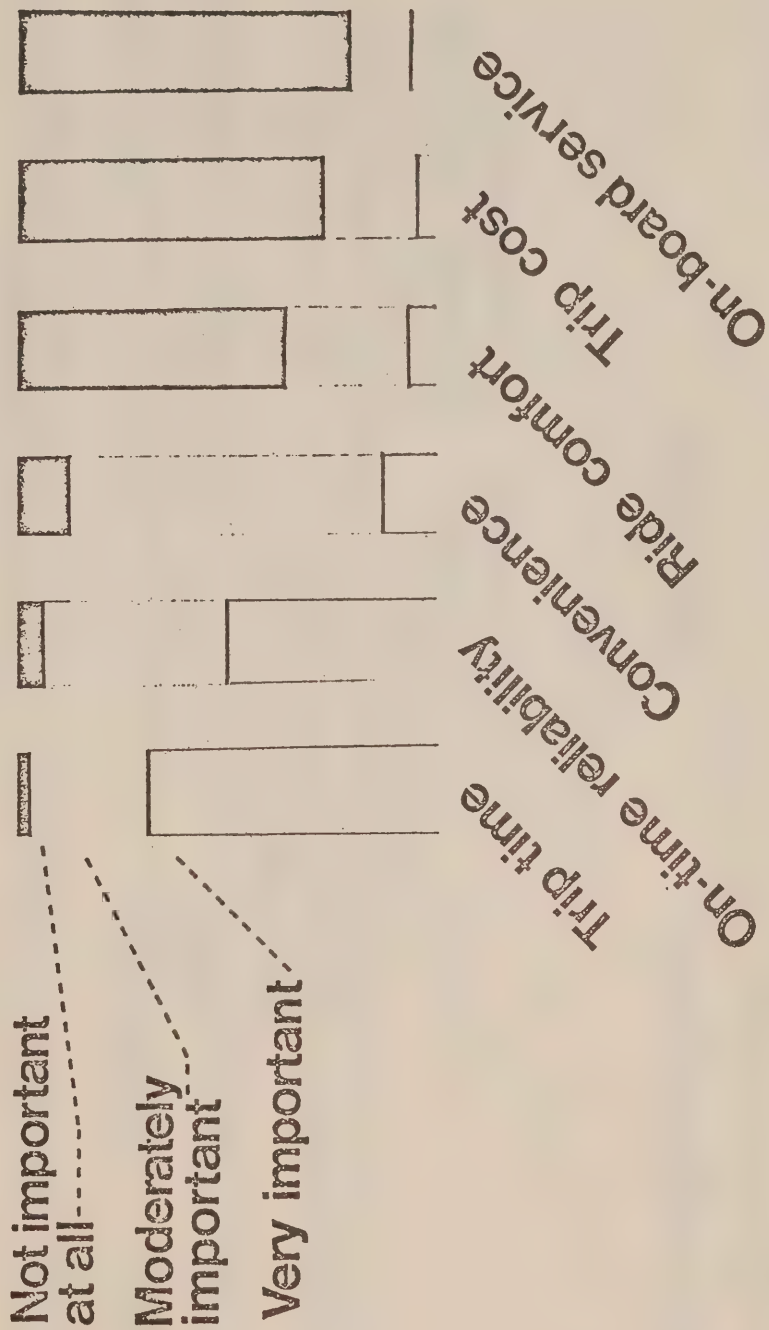




Nº 16

# Stol Passenger Attitudes

% of passengers rating various qualities at three different levels



N° 17

# STOL Airline Operating Costs and Revenues Ottawa-Montreal

\$/pass.

Operating Costs	Direct Indirect	Air Transit		Projected	
		11 Seat DHC-6	19 Seat DHC-6	48 Seat DHC-7	
		22	13	10	
		17	16	15	
	Total	39	29	25	

Revenues	21 (74/75 Level)	26 (Current Level)	26
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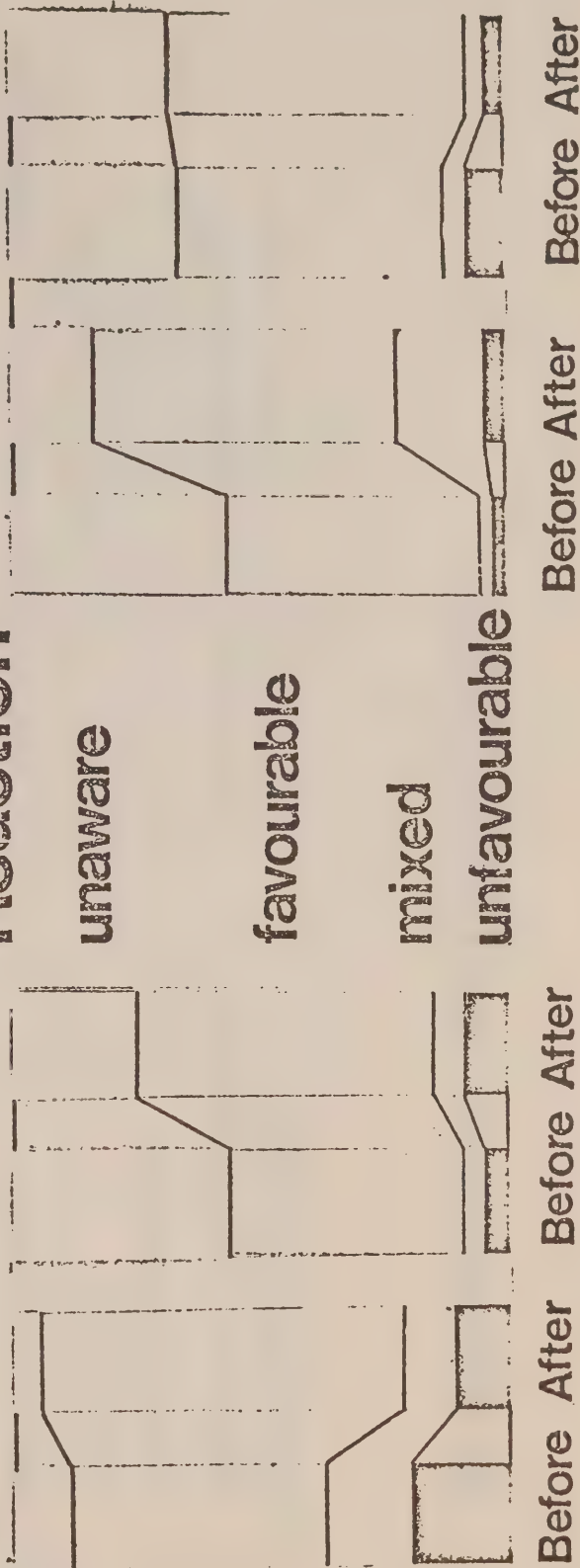
60% Load Factor

Research on Community Reaction —  
Two investigations: one before start of  
operations, one after start of commercial service

No 18

Residents of Ottawa	Residents of Mtl.
near the	near the
STOLport	STOLport
(control)	(control)

Reaction





# Achievement of Objectives

Define & Develop System & Regulations	Completed — Some Further Experience Accumulating
Test Operational Feasibility	Feasibility Demonstrated — Developments in Progress
Test Passenger Acceptance	Favourable Response — Sensitivity Studies in Progress
Test Community Reaction	Minimal Impact — Public Opinion on Future STOL Yet To Evolve
Test Economic Variables	Data Being Analysed In Context Of Future Applications
Stimulate International STOL Markets	On Going — Numerous Contacts Established and Interest Raised



Government  
Publications

FIRST SESSION—THIRTIETH PARLIAMENT  
1974-75

THE SENATE OF CANADA  
PROCEEDINGS OF THE  
STANDING SENATE COMMITTEE ON  
**NATIONAL FINANCE**

The Honourable DOUGLAS D. EVERETT, *Chairman*  
The Honourable HERBERT O. SPARROW, *Deputy Chairman*

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Issue No. 29

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THURSDAY, DECEMBER 18, 1975

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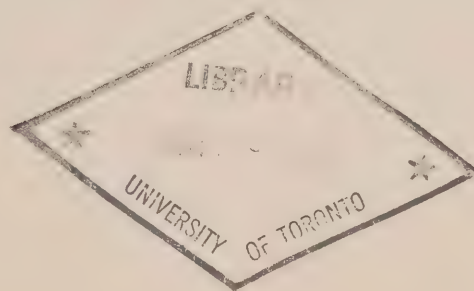
Complete Proceedings on Bill C-80, entitled:  
“An Act to provide supplementary borrowing authority for  
public works and general purposes”

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REPORT OF THE COMMITTEE

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(Witnesses: See Minutes of Proceedings)



STANDING SENATE COMMITTEE ON  
NATIONAL FINANCE

The Honourable D. D. Everett, *Chairman*;

The Honourable Herbert O. Sparrow, *Deputy  
Chairman*.

The Honourable Senators:

Barrow	Hicks
Benidickson	Langlois
Carter	Manning
Côté	Neiman
Croll	O'Leary
Desruisseaux	*Perrault
Everett	Prowse
*Flynn	Robichaud
Giguère	Smith ( <i>Colchester</i> )
Graham	Sparrow
Grosart	Yuzyk—(20)

\**Ex officio* member

(Quorum 5)



# Order of Reference

Extract from the Minutes of Proceedings of December 17, 1975:

Pursuant to Order, the Honourable Senator Langlois moved, seconded by the Honourable Senator Perrault, P.C., that the Bill C-80, intituled: "An Act to provide supplementary borrowing authority for public works and general purposes", be read the second time.

After debate, and—

The question being put on the motion, it was—  
Resolved in the affirmative.

The Bill was then read the second time.

The Honourable Senator Langlois moved, seconded by the Honourable Senator Perrault, P.C., that the Bill be referred to the Standing Senate Committee on National Finance.

The question being put on the motion, it was—  
Resolved in the affirmative.

Robert Fortier,  
*Clerk of the Senate.*

# Minutes of Proceedings

Thursday, December 18, 1975

(29)

Pursuant to adjournment and notice, the Standing Senate Committee on National Finance met this day at 10:00 a.m. to consider Bill C-80, "An Act to provide supplementary borrowing authority for public works and general purposes".

*Present:* The Honourable Senators Everett (*Chairman*), Barrow, Flynn, Grosart, Langlois, Neiman, Smith (*Colchester*) and Sparrow. (8)

*Present but not of the Committee:* The Honourable Senator Hays.

*In attendance:* Mr. R. L. du Plessis, Assistant Law Clerk and Parliamentary Counsel, and Mr. J. H. M. Cocks, Director of Administration.

*Heard in explanation of the said Bill were:*

*From the Department of Finance:*

Mr. S. J. Handfield-Jones,  
Assistant Deputy Minister,  
Economic Analysis,  
Fiscal Policy and Capital Markets;  
Mr. Carl Wostenholme,  
Assistant Director,  
Capital Markets Division.

*From the Department of Justice:*

Mr. James W. Ryan, Q.C.,  
Assistant Deputy Minister (Legislation).

At 11:40 a.m., the Committee adjourned.

At 11:45 a.m., the Committee resumed *in camera*.

After discussion, the question being put, it was *Resolved* to report the said Bill without amendment.

At 11:55 a.m., the Committee adjourned to the call of the Chairman.

ATTEST:

Gérard Lemire,  
*Clerk of the Committee.*

# Report of the Committee

Thursday, December 18, 1975

The Standing Senate Committee on National Finance to which was referred Bill C-80, intituled: "An Act to provide supplementary borrowing authority for public works and general purposes", has, in obedience to the order of reference of Wednesday, December 17, 1975, examined the said Bill and now report the same without amendment.

Respectfully submitted,

Douglas D. Everett,  
*Chairman.*



# The Standing Senate Committee on National Finance

## Evidence

Ottawa, Thursday, December 18, 1975

The Standing Senate Committee on National Finance, to which was referred Bill C-80, to provide supplementary borrowing authority for public works and general purposes, met this day at 10 a.m. to give consideration to the bill.

**Senator Douglas D. Everett** (*Chairman*) in the Chair.

**The Chairman:** Honourable senators, this morning we are dealing with Bill C-80, which is an act to provide supplementary borrowing authority for public works and general purposes. This is a departure from the previous practice. If I recall correctly, the authority that purports to be contained in this bill was previously contained in the supply bill. I believe Senators Flynn and Grosart raised this issue in the Senate earlier this year on supplementary estimates and a supply bill that the Senate had to consider, wherein the borrowing authority had not been included in the supplementary estimates, which had not been considered by the Standing Senate Committee on National Finance, and in the supply bill itself there was a borrowing authority. Therefore, the request that they made at that time that they be separated has indeed occurred, and it is for that reason that we are considering Bill C-80.

The committee is honoured to have before it this morning: Mr. S. J. Handfield-Jones, Assistant Deputy Minister, Fiscal Policy and Economic Analysis Branch, Department of Finance; Mr. Carl Wostenholme, Assistant Director, Capital Markets Division, Department of Finance; and Mr. J. W. Ryan, Assistant Deputy Minister (Legislation), Department of Justice, to answer any legal questions.

I have asked Mr. Handfield-Jones if he has a statement to make on the bill. It is my understanding that he does not, so we can proceed to questions.

**Senator Flynn:** Would Mr. Handfield-Jones explain, in a general way, the procedure of the government for borrowing money, when it has to come to Parliament and seek the authority provided in this bill, and when it does not need authority?

**Mr. S. J. Handfield-Jones, Assistant Deputy Minister, Fiscal Policy and Economic Analysis Branch, Department of Finance:** The practice has been that the borrowing authority for each fiscal year has been sought in the appropriation bill for that year. If that proves to be insufficient, further authority is sought in a subsequent appropriation bill. This has been the long established practice. As I think was pointed out in the consideration of the bill by the House of Commons, the justification for this practice is that the need to borrow funds is consequential upon the action already taken by Parliament in approving expenditures and revenues.

**Senator Flynn:** I am not discussing the inclusion of this borrowing authority in a supply bill. Under the Financial Administration Act I understand the government has authority to borrow; it does not need a special act of Parliament or special provisions in a supply bill. How far does that standing or permanent authority of the government go for borrowing?

**Mr. Handfield-Jones:** My understanding is that authority to borrow depends upon the authority sought and granted in the appropriation bill, or in this bill. There is no standing borrowing authority; it is renewed each year for the fiscal year.

**Senator Flynn:** It is always in a bill, each year?

**Mr. Handfield-Jones:** That is right.

**Senator Flynn:** The borrowing authority?

**Mr. Handfield-Jones:** That is right.

**Senator Flynn:** Yesterday I thought Senator Langlois said that the Financial Administration Act gives authority to the government to borrow for the repayment of any securities maturing.

**Mr. Handfield-Jones:** Yes, that is right, Senator Flynn, The Financial Administration Act provides authority to the government to borrow, in order to repay an existing debt, but it does not provide authority for raising new money.

**Senator Flynn:** I see.

**Mr. Handfield-Jones:** That is what is contained in the Act.

**Senator Flynn:** In other words, what you are saying is that the maximum authority already granted cannot be exceeded, but you can always borrow to repay maturing issues; but if you want to go over that maximum, you have to seek new authority one way or the other, either by a special bill or by including a clause in a supply bill, or otherwise?

**Mr. Handfield-Jones:** That is correct, senator.

**Senator Flynn:** Would Mr. Ryan concur in this?

**Mr. J. W. Ryan, Assistant Deputy Minister (Legislation), Department of Justice:** That is my understanding, Mr. Chairman.

**Senator Flynn:** So, during the present fiscal year, is this the first borrowing authority sought by the government, or was there borrowing authority granted previously during the present fiscal year?

**Mr. Handfield-Jones:** There was additional borrowing authority of \$4 billion approved in the first Appropriation Act.

**Senator Flynn:** When you say, "the first Appropriation Act," do you mean during the present fiscal year or during the calendar year? I realize that supply bills are numbered according to the calendar year rather than according to the fiscal year, which I believe not to be a good practice.

**Mr. Handfield-Jones:** Perhaps Mr. Wostenholme would elaborate on that.

**Mr. Carl Wostenholme, Assistant Director, Capital Markets Division, Department of Finance:** Yes, honourable senator, it was sought in the second Appropriation Act of the calendar year. That Appropriation Act sought \$4 billion of borrowing authority, which was for the subsequent fiscal year.

**Senator Flynn:** I see. This bill was passed last December, I understand.

**Mr. Wostenholme:** I think it was passed on March 26.

**Senator Flynn:** March 26, I see. Were they the last supplementary estimates for the fiscal year 1974-75?

**Mr. Wostenholme:** I think they were the main estimates.

**Senator Flynn:** The main estimates?

**Mr. Wostenholme:** Yes.

**Senator Flynn:** In the main estimates authority was granted to borrow up to \$4 billion, and now the government is seeking \$6 billion?

**Mr. Wostenholme:** Yes, that is correct, senator.

**Senator Flynn:** It is seeking an additional \$2 billion to make a total of \$6 billion.

**The Chairman:** I believe it was under Bill C-55, senator, which was a supply bill. I have not the date of royal assent, but it would appear to be sometime in late March or early April, 1975.

**Senator Flynn:** I might put my next question, if that is all right. If anyone would like to step in, please do.

**Senator Grosart:** Go ahead.

**Senator Flynn:** I want to address my next question to Mr. Ryan. It has been said that borrowing authority should be included in the Appropriation Acts, rather than separately. As a result of a ruling of Mr. Speaker in the House of Commons, we have a bill before us now which seeks only borrowing authority, as distinct from the Appropriation Bill. What would you say the legal reason for that is, Mr. Ryan?

**Mr. Ryan:** Mr. Chairman, I am of course retiring from the federal government service at the end of the month. I have not kept up with the events of the last three weeks, but from what I can gather there was a procedural point raised in the other place. It had been one that had occurred the year before, I believe. It had to do with supplementary supply bills, whereby a borrowing power

that is customarily found in the main estimates had got itself into the supplementary estimates without any notice of it being given, by way of a title.

If I may put it this way, Mr. Chairman, these supply bills over the years have tended to become pro forma bills. They are largely brought into the house by the formula of saying, "This is the usual supply bill, or interim supply bill," or something of that kind. So, you expect in the house to find certain things in it; only the figures change. Of course, when you find that something different has got into it, members are caught by surprise.

I have not read the Speaker's ruling on this particular one. I would imagine that that largely led to his finding, in this case, because I think ample warning was given the year before that they would look very carefully at this little device. That is my understanding of it. Of course, I am subject to being corrected if someone would give me the record of what Mr. Speaker said.

**The Chairman:** I have the record here, senator. If it would be of assistance to you, I will read it.

**Senator Flynn:** I have read the record of the other place. I do not mind if you want to put the decision on the record.

**The Chairman:** It is not necessary.

**Senator Flynn:** I think one of the reasons given by Mr. Speaker was that when you lay before Parliament the main estimates or supplementary estimates, there are no references to borrowing authority in this document.

For instance, when we refer supplementary or main estimates to committee in the Senate we cannot find in these estimates any reference to the borrowing authority that may be required.

**The Chairman:** That is correct, senator. That was the very issue that you and senator Grosart raised.

**Senator Flynn:** That is why I was trying to find out from Mr. Ryan if there was any legal reason for tying the borrowing authority to an appropriation bill, or if the new way of doing it is more appropriate, or as appropriate.

**Mr. Ryan:** Mr. Chairman, I think if you go back to 1867 you will find that supply bills have changed little in the last 108 years, except in the title and sometimes in the short title. Going by memory now—and I put something on record here a few years ago in which I indicated the title of some of these very old bills—I think the original title used to indicate a borrowing for the main supply bill, indicating that it was for the purpose of raising moneys by borrowing and for other purposes for the public service of Canada; and then it became shortened. As I say, these things tend to be pro forma so that over a period of years one can expect to find certain provisions in the main supply bill and supplementary supply bills.

I believe there was an addition made in about 1958, when another provision that had never been there before was put in, and I believe in the 1960s a small amendment was inserted in these main bills. Apart from that, I think the bills are almost in the same form as they were in in 1867, with the one change relating to title and to another little provision that was deleted from section 2 that occurred about 1909. So they are almost pro forma.



Without going back over the records again—it is some two years since I looked at this closely and I was not really prepared to answer you today—I think that was the feeling: you come to expect certain things in these bills, and, if there is something new, attention should be drawn to it in the title or by some other means.

**Senator Flynn:** Mr. Ryan, clause 2(2) states that:

(2) Subsection (1) shall be deemed to have come into force on the first day of April, 1975.

I suppose that the purpose of this is that the government may already have borrowed the money the authority for which it is seeking in the bill by means of that clause, and nothing else.

**Mr. Ryan:** I believe it is dealing with the fiscal year 1975-76. If it had been in an interim supply bill, that would have been the effect. It would have had the date from the 1st of April, 1975. So, as a separate bill it would have to have that retroactive.

**Senator Flynn:** I remember last year, when the Canada savings bonds were sold in excess of the amount provided in the legislation, the government sought authority to cover the excess borrowed, and that would be one reason why you would seek retroactivity to the first day of the fiscal year.

**Mr. Ryan:** For all I know, it may be the same reason this time.

**Senator Flynn:** At any rate, this clause would have that effect.

**The Chairman:** Perhaps you would like to ask Mr. Handfield-Jones whether that is indeed the case.

**Senator Flynn:** Well, it is obviously one interpretation of the clause.

**Mr. Handfield-Jones:** Mr. Chairman, to add something perhaps in responding to Senator Flynn's question, the provision of the borrowing authority is for a fiscal year. Therefore, the provision of the additional supplementary borrowing authority adds to the authority for the fiscal year. In terms of what has actually happened this year, given the fact that the government terminated Canada savings bonds sales when it became apparent that substantial sums were being raised, and subsequently terminated the sales of additional treasury bills, it was the expectation that by the end of the fiscal year the total amount of new money raised would not have been in excess of \$4 billion. So the real substantive requirement for this bill is to provide the authority for the continuation of the government's orderly debt program through to the end of this fiscal year.

**Senator Flynn:** At any rate, the answer I was seeking was that clause 2(2) really gives a retroactive effect to the authority conferred by this bill. That would be right, Mr. Ryan?

**Mr. Ryan:** Yes.

**Senator Flynn:** And the same would apply with regard to the standard form of appropriation bills. There is a provision that you always find in supplementary estimates which says, "The provisions of each item in the

schedule shall be deemed to have been enacted by Parliament on the first day of April, . . ." This is a standard clause that we find in appropriation bills covering supplementary estimates. That would have the effect of sanctioning expenditures made by the government prior to the appropriation bill.

**Mr. Ryan:** If it were finally passed, Mr. Chairman.

**Senator Flynn:** Yes; but if they are passed, and if the government has already anticipated the decision, and has made expenditures not covered by the appropriation bills already passed, this provision would have the effect of sanctioning what the government would have done.

**Mr. Ryan:** Mr. Chairman, I think the provision that the senator is referring to is one of those I mentioned, that had been introduced in this pro forma bill in the fifties or early sixties. It is relatively new.

**Senator Flynn:** I do not doubt that, but as far as you are concerned, that would be the effect of such a clause?

**Mr. Ryan:** And it is necessary, too, because the bills have been going through on the basis of, one-twelfth, one-twelfth, type of thing, for a number of years, and you did not get the full amount of the appropriation until perhaps very late, and then you had the retroactive effect.

**Senator Flynn:** If you are speaking of the main estimates, I can understand that; but when you are speaking of supplementary estimates, that is something else. The same reason would not apply to supplementary estimates.

**The Chairman:** Wouldn't the question be whether or not the government is at this stage in excess of its borrowing authority?

**Senator Flynn:** Yes. It could be, at this time. I think it would be covered by the bill, though, because in effect it says that it is retroactive to the first day of the fiscal year. Mr. Ryan says that this clause is pro forma in all the appropriation bills, but in supplementary estimates this clause would mean that any expenditures provided in the supplementary estimates, and made prior to the passage of the bill, would be sanctioned by this provision.

**The Chairman:** Only borrowings, though, surely, Senator Flynn.

**Senator Flynn:** I am trying to compare borrowing authority and supplementary estimates at the same time.

**The Chairman:** Could I ask Mr. Handfield-Jones whether that would be a dangerous assumption, that borrowing authority cannot be related directly to the supplementary estimates?

**Mr. Handfield-Jones:** I do not think I want to comment on the question of expenditure authority. I think I am really concerned here with borrowing authority in the specific provision of the bill. We have the borrowing authority, and it does in fact give this authority retroactively because it is provided for in the fiscal year as a whole.

**Senator Flynn:** But if you did not have this clause, the result would be the same.



**Mr. Handfield-Jones:** In this particular situation, that is right.

**Senator Flynn:** If the government were to borrow only after getting the authority under this bill, the result would be the same. It would not need this subparagraph.

**Senator Grosart:** Perhaps we should ask if, in the present circumstances, it is in fact necessary for purposes of borrowing, as of today.

**Mr. Handfield-Jones:** It is necessary, Mr. Chairman, to have additional borrowing authority for the fiscal year.

**Senator Grosart:** I am asking, is it necessary to have clause 2(2), in fact, as of today? This is not a legal question, it is a question of fact for the officials of the department. Do you need the retroactive authority at this time to justify any borrowing that has been done?

**Mr. Handfield-Jones:** No, Mr. Chairman.

**The Chairman:** So it would be possible to amend this bill to read today's date, and it would make no significant difference.

**Senator Flynn:** If we deleted paragraph 2 it would make no difference.

**Mr. Handfield-Jones:** Except that, Mr. Chairman, borrowing authority is traditionally sought for the fiscal year as a whole, and not for a part of it.

**Mr. Wostenholme:** Perhaps I might make one comment at this point. Because of the Canada savings bonds, if one were to calculate the new borrowings in this fiscal year it would in fact be about \$270 million in excess of the \$4 billion, if we made the calculation as of today.

**Senator Grosart:** So the authority sought has been used.

**Senator Flynn:** Last year it was, anyway. I think Senator Langlois said last year on the appropriation bill, where this authority was included, it was because the government had exceeded its authority in the sale of Canada savings bonds. There was some justification, generally speaking, because of this situation. However, the situation is not the same, I suggest, on the supplementary estimates, where there is the same clause. That is why I was seeking Mr. Ryan's opinion on the effect of including subsection (2) of clause 3 of Bill C-79, which says:

The provisions of each item in the Schedule shall be deemed to have been enacted by Parliament on the 1st day of April, 1975.

This bill is passed in December, 1975, so normally the expenditures approved by this bill should not be made before royal assent is given to Bill C-79. If in fact they were, that provision would sanction the action of the government.

**Mr. Ryan:** I think we are mixing up two things.

**Senator Flynn:** I know, but you say it is pro forma. You have this provision in a bill which is probably a real appropriation bill, and seek at the same time the authority to borrow.

**Mr. Ryan:** Perhaps I might be allowed to clarify this. I do not recall saying that subclause 2 (2) of Bill C-80 was

pro forma. The provision the honourable senator has spoken about relating to the appropriation items, or the items in the schedule, has become a pro forma provision since about some time in the late 'fifties or early 'sixties. It was a new provision introduced because of a peculiar problem of the bill going through in bits. Some of the items were authorizing activities that could not be done in a twelfth, because it had to be done all or nothing, by way of amendment to a statute of some kind, dealing with the Trans-Canada Highway, roads to the North or some such provisions.

In this instance, as in the case of the borrowing power generally, if you say that in a fiscal year the Governor in Council has authority to raise money by ways of loans in an amount not exceeding \$2 billion, your time frame is that fiscal year, in that fiscal year. In this instance, I believe the situation is that the Governor in Council has exceeded the amount authorized in the fiscal year 1975-76 because of the number of people who subscribed to the bond issue, so it is now necessary to extend the limit. It may be extended beyond the bond issue, but for other reasons that is being done. To make it fit within the ambit of the fiscal year we need subclause (2), because it has already been exceeded by this \$200 million. It is not quite the same thing.

**Senator Flynn:** Have you got the bill before you, Mr. Ryan?

**Mr. Ryan:** I have Bill C-80 before me.

**Senator Flynn:** Look at clause 1:

This act may be cited as the *Supplementary Borrowing Authority Act, 1975*.

There is no reference, therefore, in this clause to the fiscal year; it is to the calendar year. Do you agree with that?

**Mr. Ryan:** The tie-in is by way of reference:

The Governor in Council may, in addition to the sums now remaining unborrowed and negotiable of the loans authorized by Parliament, by any Act heretofore passed, raise by way of loan, under the *Financial Administration Act*, by the issue and sale or pledge of securities of Canada... may approve, such sum or sums of money, not exceeding in the whole, the sum of two billion dollars, as may be required for public works and general purposes.

That seems to be it generally, anyway. Subclause (2) ties it down to the fiscal year.

**Senator Flynn:** You missed my point. I was not referring to subclause (1) of clause 2, but to clause 1:

This act may be cited as the *Supplementary Borrowing Authority Act, 1975*.

That has reference to the calendar year. Are you not in agreement with that?

**Mr. Ryan:** 1975 is the calendar year, yes.

**Senator Flynn:** In the part you have just quoted there is no reference to any date or any year, be it fiscal or calendar; there is no reference to that. Do you agree?

**Mr. Ryan:** In clause 2(1), that is correct.

**Senator Flynn:** You just read it. In subclause (2) you just say that authority shall be deemed to have come into force on April 1, 1975. Here again I would say it is only a date; there is no reference to a fiscal year or a calendar year.

**Mr. Ryan:** I have to concede that on the drafting aspect of this you are correct, but I do not think this bill can be read out of the context of the supply bills.

**Senator Flynn:** It is out of the context now, whether you like it or not.

**Senator Neiman:** It is my understanding of all amendments to laws and regulations, whether they are federal or in the province of Ontario, which is the one with which I am familiar, that when we enact laws such as this the title very often simply refers to the year in which it is enacted. There may be another amendment next year and it will be the supplementary bill for 1976. It merely means that in the title it is the year in which the particular law was passed. Is that not right?

**Senator Grosart:** No.

**Senator Flynn:** You can refer to the fiscal year or the calendar year, undoubtedly, but when you refer to the calendar year it does not mean the same thing as the fiscal year.

**Senator Neiman:** I am not saying that. I am saying that is the short title. Quite often when we have amendments to the Criminal Code, or some other such act, we will say it is an amendment to the act of, say, 1975. There may be another one in the 1975-76 statutes. Quite often it depends on the actual volume and the year it come out.

**Senator Flynn:** That was not the point I made at all. I was trying to find in this bill authority provided that would refer to the fiscal year 1975-76. I suggest that you cannot find that reference, or that relationship between the borrowing authority and the fiscal year 1975-76 in this bill.

**Senator Neiman:** Is there anything implicit in our laws that says no borrowing can be done by the government for more than one year; that our fiscal year commences on April 1, so therefore it cannot go beyond March 31 of the following year, and no borrowing can be done by the federal government for more than one fiscal year ahead at a time?

**Senator Grosart:** No.

**The Chairman:** I am sorry, Senator Neiman, that is not what this bill says.

**Senator Neiman:** I am not saying it is. I am asking whether there is any law anywhere that says the government may not borrow or seek authority to borrow for more than one fiscal year at a time.

**Senator Flynn:** You could seek authority to borrow for more than one year.

**The Chairman:** Senator Neiman's question is whether there is any act that precludes the government from borrowing for more than one year in advance.

**Mr. Ryan:** I have asked the Acting Assistant Law Clerk to provide me with a copy of the Financial Administration

Act. Before saying too much, I would like to have that act in front of me.

**The Chairman:** We will defer the answer on that until later.

**Senator Flynn:** Let me pursue my point by putting a question to Mr. Ryan. Under the bill as it stands, can the government borrow after December 31, 1975? I suggest that it could not, if we take the wording as it is.

**Mr. Ryan:** If you take this bill alone, out of the context of the law, you have a very good argument. However, I do not think you can read it that way. It has to be read with the whole financial legislation, including previous supply bills and the Financial Administration Act. I should like to take a few moments to try to find my way through that act.

**The Chairman:** Perhaps we can defer that line of questioning until Mr. Ryan has had an opportunity to look at that. Have you further questions Senator Flynn?

**Senator Flynn:** No. This is the point I want clarified.

**The Chairman:** We will come back to that.

**Senator Grosart:** In that connection, you might also consider the explanatory note, which I know is not part of the bill, which says that the purpose of this act is to provide borrowing authority, supplementary to that conferred by Appropriation Act No. 2, 1975.

Now, if that is the context—it is supplementary to that—it does not mean, at least to me, that this is to be interpreted in respect of that act. This may be supplementary to the borrowing, not supplementary to the terms of the act.

**Senator Smith (Colchester):** While Mr. Ryan is looking up that subject, Mr. Chairman, perhaps I could ask the other witness questions related to another point.

**The Chairman:** Yes, Senator Smith.

**Senator Smith (Colchester):** When, in fact, did the actual amount borrowed exceed the authority for borrowing?

**Mr. Wostenholme:** Perhaps, Mr. Chairman, I can answer that.

**The Chairman:** Yes, all right.

**Mr. Wostenholme:** It is exceedingly difficult to be precise on that point because of the mail strike, and applications are coming in from across the country for Canada savings bonds.

**Senator Smith (Colchester):** I appreciate that, but you can probably give us an approximate date.

**The Chairman:** He may be able to do better than that. You can say when your balance has exceeded the authority, regardless of what was in the mail en route to you one way or another.

**Mr. Wostenholme:** Yes. The precise moment would be about November 23, when we went above the authority by \$120 million.

**Senator Smith (Colchester):** So that as of, say November 1, 1975 you were still within the existing borrowing authority?



**Mr. Wostenholme:** Yes.

**Senator Smith (Colchester):** So that for all purposes related to authorizing what was done, November 1 would be just as good a date in this bill as April 1, the retroactive part of it?

**Mr. Wostenholme:** Well, that is correct.

**Senator Smith (Colchester):** How much of the \$4 billion was yielded by the Canada savings bonds campaign?

**Mr. Wostenholme:** If I could just have a moment to think back, senator. At the end of October, we had unused borrowing authority of about \$3 billion. That is at the end of October, that was before Canada savings bonds cash began to come in. The Canada savings bonds, in that period of time, brought in in excess of about \$3 billion.

**Senator Smith (Colchester):** So, I infer from that that previous to October 1 you had borrowed roughly a billion dollars from somewhere else?

**Mr. Wostenholme:** Yes.

**Senator Smith (Colchester):** Where did that billion dollars come from?

**Mr. Wostenholme:** Treasury bills, and the Government of Canada marketable bonds.

**Senator Smith (Colchester):** Where were they marketed?

**Mr. Wostenholme:** In Canada.

**Senator Smith (Colchester):** Was all the money borrowed in Canada?

**Mr. Wostenholme:** Yes.

**Senator Smith (Colchester):** Would that be true for the preceding year as well?

**Mr. Wostenholme:** Yes, that would be true for every year going back to 1968 when the federal government borrowed in New York for exchange fund purposes.

**The Chairman:** Of the billion dollars of marketable bonds how much was taken up by the Bank of Canada?

**Mr. Wostenholme:** I can give you the exact figures. However, roughly, I think it was about \$300 million or \$400 million. It is difficult to be precise on that point because the Bank of Canada is buying and selling in the market place all the time.

**The Chairman:** For chartered banks, do you have a similar figure?

**Mr. Wostenholme:** Chartered banks took up probably a couple of hundred million in that period of time.

**The Chairman:** The general public, somewhere in the neighbourhood of \$300 million?

**Mr. Wostenholme:** Yes.

**Senator Smith (Colchester):** Do you keep in touch with capital markets in other countries to see what the possibilities for borrowing may be there?

**Mr. Handfield-Jones:** Perhaps I may answer that question, Mr. Chairman.

Of course, the Department of Finance does keep in touch with capital markets in other countries. It is part of our general monitoring of economic and financial developments. It has not been the practice of the Government of Canada to raise funds in foreign markets, except in the circumstances where there is a need to replenish the exchange of reserve, as was the case in 1968. In normal times, the government raises funds in foreign capital markets, in New York for example, and these funds are obtained in the form of United States dollars. To turn them into something which the government can use for its ordinary operations, it would have to sell those U.S. dollars in the foreign exchange market to obtain Canadian dollars. The first impact of that is likely to have a disruptive effect on the foreign exchange market, as the exchange fund, in discharging its obligation to maintain orderly capital markets, is likely to find itself buying U.S. dollars back again to the government. Therefore, it is only in circumstances of exchange pressures that it is useful to raise funds by borrowing foreign currencies. Normally, it is not a useful way of raising funds.

**Senator Smith (Colchester):** In the process of keeping in touch with those foreign markets, particularly the United States market, do you keep in touch with the borrowings done in those markets by persons in Canada, or organizations in Canada, other than the Government of Canada—for instance, the provinces?

**Mr. Handfield-Jones:** Yes, indeed we do, Mr. Chairman. This is a very important element in the total Canadian financial scene. The provinces and the municipalities have relied heavily upon the access to foreign markets to meet deadlines. It has been one of the items of continuing discussion at federal-provincial finance ministers' meetings to make sure this is the orderly process.

**Senator Smith (Colchester):** In keeping in touch with the situation, I suppose you have to be pretty well up to date—that is, you do not want to know just what happened last year; you want to know what is happening now.

**Mr. Handfield-Jones:** Indeed. One of the topics discussed between the federal and provincial ministers of finance, is the intentions with regard to the needs of the provinces.

**Senator Smith (Colchester):** Are there any figures, either actual or estimated, to indicate how much money has been borrowed in the United States markets by provinces, so far this fiscal year, or calendar year?

**Mr. Handfield-Jones:** If we took a moment, Mr. Chairman, we could probably provide that information.

**Senator Smith (Colchester):** Mr. Chairman, I believe Mr. Ryan has refreshed his memory about the Financial Administration Act. Perhaps we could get that information.

**The Chairman:** We had better get an answer to your question about borrowing in the United States market by provinces before we get sidetracked and not get back to it.

**Mr. Handfield-Jones:** In relation to provincial direct guaranteed bonds, issued in currencies other than Canadian dollars, it would be closely comparable to the total



amount raised in foreign capital markets—most issues in foreign capital markets are issued in foreign currency—and amounted, in the first three-quarters of this year, to approximately \$1½ billion.

**Senator Smith (Colchester):** One and three-quarter billion dollars?

**Mr. Handfield-Jones:** Yes.

**Senator Smith (Colchester):** Most of which, you say, would be from the United States?

**Mr. Handfield-Jones:** The larger part of it would be, although over the years the European markets have developed and the provinces have benefited from alternative sources of funds. This year most of the borrowing happens to be in the United States.

**The Chairman:** I would have thought from what I heard that there has been quite a substantial increase in the borrowings in the European markets, and maybe more latterly this year, but it is really quite significant.

**Mr. Wostenholme:** That is correct, especially when starting out from a low base; but British Columbia, for example, has borrowed at least \$200 million in the current calendar year from European sources. Whereas last year there was probably borrowed \$40 million or \$50 million.

**The Chairman:** Mr. Handfield-Jones' statement that it is not significant is so, although the growth is substantially—

**Mr. Wostenholme:** It is significant, but it is not a half.

**The Chairman:** I appreciate that.

**Senator Smith (Colchester):** I am sorry, I did not catch the drift of your last question, Mr. Chairman.

**The Chairman:** It was to the effect, senator, that I had been of the understanding that an increasing percentage of the long-term foreign borrowing by provincial governments had been from the European markets, as opposed to the previous history of being largely concentrated in the American markets. The answer was to the effect that because it proceeded from a low base the percentage increase was quite high, but in total dollar terms it is still less than half of the total borrowings of the provinces. They are still substantially greater in the United States than elsewhere.

**Mr. Wostenholme:** That is correct, Mr. Chairman, from the figures we have been looking at here, the borrowing in terms of foreign currencies. But, in fact, it does not tell the whole story, because non-residents—United States residents together with Europeans—have purchased issues of provincial Government of Canada bonds that were issued on the Canadian market.

**Senator Smith (Colchester):** Yes. I was coming to that. I suppose that might well be true of the bonds taken up by the Bank of Canada and the chartered banks.

**Mr. Wostenholme:** Not the Bank of Canada, but certainly chartered banks subsequently selling to the secondary market. One never knows who that purchaser is. It could be a non-resident.

**Senator Smith (Colchester):** You are satisfied that there is a significant amount purchased by non-residents of Canada in addition to this 1½ billion floated in Canada?

**Mr. Wostenholme:** Yes, because some of the borrowings by the provinces have been in what are called Euro-Canadian currency. In other words, these issues have been floated in Europe but denominated in Canadian dollars.

**Mr. Handfield-Jones:** This is a new element in the picture, Mr. Chairman, the development of this Euro-Canada market. It has been in existence for a matter of about a year, primarily. Up to now the financial markets in Europe have been prepared to take issues denominated in U.S. dollars or in some package of European currencies. But now European investors are showing readiness to buy issues of Canadian bonds denominated in Canadian dollars. It is an interesting development which shows a degree of confidence in the Canadian dollar in Europe and it also reflects the desire of the large institutional investors in Europe to diversify their currency portfolio. I think that obviously the oil money is a part of this, but it is not the whole of this process.

**Senator Smith (Colchester):** I can follow that, I think. Do your figures indicate the total of municipal borrowing in the United States market so far this year?

**The Chairman:** Was that specifically the U.S. market, Senator Smith?

**Senator Smith (Colchester):** I should have said first the non-Canadian and then have come to the United States.

**Mr. Handfield-Jones:** Mr. Chairman, I referred earlier to the issue of the securities of \$1½ billion in the first three-quarters of the calendar year. Comparative figures for the municipalities are about \$300 million and for corporate bonds about \$200 million.

**Senator Smith (Colchester):** So the whole of the non-Canadian borrowing by provincial and municipal governments plus the corporate private sector comes to \$2,250 million or thereabouts.

**Mr. Handfield-Jones:** About \$2.2 billion, yes.

**The Chairman:** Remembering that those are only the borrowings denominated in foreign currencies.

**Mr. Handfield-Jones:** Yes. Just to clarify that, that figure includes the issues placed in the overseas markets denominated in Canadian dollars. It does not include non-resident purchases of issues placed in the Canadian market.

**Senator Smith (Colchester):** The secondary markets, yes. How much of that total would be in the United States, do you think?

**Mr. Handfield-Jones:** The nearest approximation I can get to that figure, Mr. Chairman, is to look at the portion of that total which was denominated in U.S. dollars. I am afraid I cannot, with the information I have at hand, say whether there was a significant amount of issues denominated in U.S. dollars outside the United States, but I think probably not. So of the \$1½ billion issued by the provinces, about \$1.3 billion was denominated in U.S. dollars. Of the \$300 million in municipalities, a little over half was

denominated in U.S. dollars, and of the \$200 million of corporate bonds, about \$130 million was in U.S. dollars.

**Senator Smith (Colchester):** Would it be reasonable to say that the reason these borrowers, to whom we have been referring, went outside Canada would be because either they believed they could not raise the money in Canada or they believed that the terms they could get outside Canada would be better than they could get in Canada? Would that be true?

**Mr. Handfield-Jones:** That would be true, Mr. Chairman, particularly in the latter part, I think. It is essentially a matter of cost. The provinces have for many years sought funds in the United States and other markets to enable them to diversify their borrowings and to reduce the total cost of borrowings to them. And this inflow of capital into Canada has, of course, provided a way of financing the current account deficit in the balance of payments.

**Senator Smith (Colchester):** I do not want to press you unduly, but I would just ask you if in fact it is not true that often the borrowing outside Canada by the provinces is done simply because the Canadian market cannot supply what they want. I would just ask you to remember that I spent several years doing this.

**Mr. Handfield-Jones:** I don't think there is any doubt, Mr. Chairman, that if the provinces had to meet all their requirements in Canada, the price they would have to pay would be substantially higher.

**Senator Smith (Colchester):** I am sorry, but did you say you thought there was no doubt that the provinces could get all the money they wanted in Canada?

**Mr. Handfield-Jones:** I believe we have a very good capital market, Mr. Chairman, and that borrowers can raise the funds they need at a price.

**Senator Smith (Colchester):** Do you say that that has been true for very long?

**Mr. Handfield-Jones:** I am not sure what "very long" is.

**Senator Smith (Colchester):** Say, five years. Or would you say it has been true over the period of the last ten years, for example, that the provinces could have got all the money they needed in Canada if they were prepared to pay the price?

**Mr. Handfield-Jones:** I think it has been true in recent years, Mr. Chairman.

**Senator Smith (Colchester):** What do you mean by "recent years"?

**Mr. Handfield-Jones:** This is a judgmental question.

**Senator Smith (Colchester):** You must have made the judgment when you said "recent years." What did you judge "recent" to mean when you said it?

**Mr. Handfield-Jones:** You are pressing a point which I don't quite understand.

**The Chairman:** For my own clarification, Senator Smith, are you saying that in your very large experience in provincial affairs there are times when provinces cannot borrow in the Canadian market at any rate?

**Senator Smith (Colchester):** I am asking if that is not true.

**Mr. Wostenholme:** Mr. Chairman, may I just interject? I think it is quite true. The markets in Canada are not always working in terms of cost alone. There are numerous occasions when other factors come into the equation. What you are dealing with is institutional reception with regard to the issue of provincial securities, and, rightly or wrongly, there are occasions when institutions decide that, regardless of the rate the province is willing to pay, they do not wish to purchase more of that particular province's securities. That is point No. 1.

Point No. 2 is that generally the provinces wish to seek long terms funds, which would mean 20 years and over at maturity. That particular sector of the Canadian market has, over the past four years anyway, been a particularly difficult one to pick up because of differing expectations, and so on; but in the United States that same market is much larger. It can accept much greater single bites by any of the provinces than can occur in Canada, and this again has been one of the attractions for the various provinces to borrow abroad. It is not always just a question of cost. Availability and the type of funds are very important, too.

**Senator Smith (Colchester):** That is what I expected the answer would probably be. I thank you for it.

As to the factors which are considered by the financial houses which are going to undertake to market the bonds, whether it be in the United States, Canada or elsewhere, could you enumerate some of them that occur to you, quickly?

**Mr. Wostenholme:** Yes. Well, in the Canadian market some of the major houses that will look after the provincial requirements would include A. E. Ames and Co.; Wood Gundy; Nesbitt Thomson; McLeod, Young and Weir; Levesque Beaubien and so on. There must be about 15 major Canadian investment dealers that look after provincial borrowing in Canada.

**Senator Smith (Colchester):** Excuse me. I do not think I asked my question very well. I was not asking you to enumerate the financial houses, but rather, the factors which the financial houses take into consideration in deciding whether they will undertake to market an issue, and if so, on what terms, at what general cost, and so on.

**The Chairman:** These are the Canadian financial houses, though, are they?

**Senator Smith (Colchester):** Yes. I was going to take the Canadian houses first, and then go to those in the United States.

**Mr. Wostenholme:** Well, the main fiscal advisor for a province in Canada would normally first go around to his institutional accounts. He would, in general discussion and on the basis of continuing market activity, assess the market for a particular province's obligations. If that province wished to go to the capital markets, it would naturally discuss the extent of its requirements with its fiscal advisor, and the fiscal advisor, in the light of his assessment of the market, which would include impact on outstanding credit, if you like, or the outstanding interest rates of that particular province's obligations,



would give his advice, and that advice might include diversification of sources or funds.

**Senator Smith (Colchester):** Thank you. Mr. Chairman, again I observe that Mr. Ryan looks like a man who has found the answer.

**Mr. Ryan:** Unfortunately.

**The Chairman:** He looks to me more like a man who wishes it were three weeks from now!

**Mr. Ryan:** Mr. Chairman, I am in some difficulty here. I have no instructions from my principals, and of course that creates an immediate problem for me. I am trying to resolve that dilemma, and perhaps I could be allowed, with your permission, to speak as a technician, a legislative draftsman, which is—what would you call it?—a kind of specialty that sometimes has to turn around and attack itself.

I think, in all probability, that Bill C-80 was put together rather quickly, to cover up a particular situation that had developed. I think it was probably written in the context of an appropriation or supply bill for a fiscal year, and I think a great deal was taken for granted by the draftsman which on reflection he might not have taken for granted.

I do not think it is fitting for me to suggest a solution. Perhaps the Law Clerk of the Senate might be a better person in this case to do that, and I can tell him my difficulties at the same time. But may I say this: I think the intent of the bill is clearly to provide for additional borrowing power to the extent of \$2 billion in the fiscal year 1975-76. I think some of that intent can be derived from the wording of the long title, "Supplementary Borrowing Authority", that is, supplementary to the fiscal borrowing authority previously granted. I think the short title is really not relevant, because a supplementary borrowing authority act is such a rare animal that you might never have one for another hundred years, so "1975" just does not distinguish it from anything in terms of confusion with an act by the same name, which is why we usually use the calendar year reference in a short title. Therefore—and I am not arguing with the draftsman—that indicates the draftsman's intent again in tying this to the 1975-76 year.

He used the standard wording in subclause 2(1), as far as I can discover from a quick comparison with other statutes. There is usually in those acts, however, a provision that gets rid of previous borrowing authorities that are unexpended, which is a pro forma provision that you find in a supply bill. It is not necessary here, because we are not dealing with quite that problem. It is only an additional amount which brings it up to \$6 billion for the fiscal year. Therefore I reason that subclause (2) was intended to make this provision more clearly applicable to the 1975-76 fiscal year. It may not do that to the satisfaction of the committee, but this is the best I can put forward in support of this bill. You may now want to take the advice of your own law officer on what you want to do with it.

**Senator Flynn:** I think Mr. Ryan has made my point, because I was just reading from Senator Langlois' statement of yesterday, and I quote:

Any unused borrowing authority remaining at the end of the fiscal year is cancelled when new borrowing authority has been granted for the new fiscal year.

This is the point that you raised. It seems to me that the present bill should have mentioned that, "This act may be cited as the supplementary borrowing authority act, 1975-1976," and that I think would have made it clear. Of course, as you say, if it had been in the appropriation bill, since the appropriation bill refers in many clauses to the fiscal year, I agree, you could take it as having the effect of granting this authority for the fiscal year only; but as it stands here you do not know if it applies to the fiscal year, or if it could be used in another year, or whether this borrowing authority will expire at the end of the fiscal year, if it is not used.

**Mr. Handfield-Jones:** I can confirm the intent.

**Senator Flynn:** You do not have to tell me that. I know what the intent is. My point is, however, that appropriation bills, as I have always said, and other bills of the kind, could be improved in their wording. That is the point I wanted to make.

**The Chairman:** Should we let Mr. Handfield-Jones put the intent on the record anyway?

**Senator Flynn:** Well, yes.

**Mr. Handfield-Jones:** Very briefly, the intent will be to seek new borrowing authority for 1976-1977, and at that time any unused portion of this authority will be asked for.

**Senator Flynn:** The only legal problem the government may have is as to whether the interpretation will be in accordance with the intent.

**Senator Smith (Colchester):** Oftentimes the court does not interpret things the way the legislature intends.

**Senator Flynn:** Because sometimes the legislature does not anticipate the way in which—

**The Chairman:** Your concern is the authority will run out on December 31, 1975?

**Senator Flynn:** It could, and really we do not know if it applies to the fiscal year or the calendar year. There is certainly no reference to the fiscal year in this bill.

**The Chairman:** How do you feel about the fact this does not cancel the old authority, although in this particular case it is not necessary?

**Senator Flynn:** That is another point. I mean, if the government is satisfied with the bill as is, we certainly should let it go. It will be the responsibility of the government to accept it as is.

I would hope that what we have done in committee this morning would be helpful in drafting future appropriation bills. I have been suggesting, Mr. Ryan, for clarification that the appropriation bill should be numbered by the fiscal year and not by the calendar year. That is another thing that would help clarify the situation and clarify the intent of the government or legislature.

**The Chairman:** Could I have that suggestion again?



**Senator Flynn:** For instance, Bill C-79 says:

This Act may be cited as the Appropriation Act No. 4, 1975.

There were, I think, two bills passed in 1975 with reference to the previous fiscal year, that is, 1974-75. Now, the first appropriation bill dealing with the fiscal year 1975-76 is probably going to be called "Appropriation Bill No. 3."

Therefore, I say if the numbering was done in accordance with the fiscal year, based on the fiscal year rather than the calendar year, it would certainly clarify it.

**Mr. Ryan:** Mr. Chairman, may I add two comments? The Senate committees have made recommendations to the Department of Justice on statutes on other occasions. I remember particularly the size of the statute book. It resulted several years later in the regulation that kept the statute book down to about 1,300 pages, so it could be lifted in one hand. They made other recommendations also. If this were brought to the attention of the people involved in preparing this, I am sure that something of that kind could be worked out. It makes a great deal of sense.

May I speak, Mr. Chairman, on one other point? While I was speaking as a draftsman, I was speaking as a draftsman who always wants to reach perfection. I do not think the fears that were expressed about this terminating December 31, 1975 would be justifiable, nor do I think that the government would be inclined to read this into a perpetual borrowing power up to \$2 billion, for two reasons. I do not think that, in law, they would be able to read it that way, apart from the supply bill for the fiscal year—you know, the statutes,—*pari materia*, things of that kind. That is speaking with the other hat on.

**Senator Flynn:** As you say, if we look at the history, we may reach the conclusion that you have just made, but this act in itself does not help you at all to reach that conclusion.

**The Chairman:** I have a little difficulty with the permanent authority aspect. Is the authority, in effect, not a permanent matter? In other words, if the \$2 billion is all used in the course of a fiscal year, does the government require a renewal of that authority? If not, in that regard, it is a permanent authority.

**Mr. Wostenholme:** Mr. Chairman, if the government uses up the borrowing authority to the extent of \$1 billion, you have \$1 billion left over, and as Mr. Handfield-Jones remarked, as soon as the borrowing authority is applied for the subsequent fiscal year, any outstanding unused borrowing authority is automatically cancelled.

**The Chairman:** It is not automatically cancelled. It is cancelled in the application. By direct reference, they cancel the unused portion.

**Senator Flynn:** In the subsequent bill, the first appropriation bill for the fiscal year 1976-77, they will probably cancel the previous authority and replace it by a new authority.

**The Chairman:** That is right. The point I am making is that it is permanent unless the government takes direct action to cancel it. If they did not take this direct action, and asked for another \$2 billion, and only used \$1 billion, then they would have \$3 billion. Correct me if I am

wrong, because I am most interested. The authority unused does not expire unless action is taken in the form of a new borrowing initiative to cancel the unused portion.

**Mr. Ryan:** Mr. Chairman, there are two difficulties there. The first difficulty is that the borrowing power occurs in a fiscal supply bill that speaks of a period of time—within that period of time. So, you have an ambiguity there.

If you have this section 5 authorizing the borrowing of money up to a certain limit of time, there is an argument that can only use that within that fiscal period of time and you cannot use it afterwards.

**The Chairman:** That was the case so long as that was part of the supply bill.

**Mr. Ryan:** Yes, but in addition to that, to remove that doubt, there has been a custom built up over a period of time—how long I do not know—in which a subsequent supply bill will suspend or repeal or cancel the previous borrowing authority.

**The Chairman:** But not by implication, by specific reference only, and if that specific reference were not there, this borrowing authority now being a separate authority, the unused portion could continue.

**Mr. Ryan:** You would have an argument which perhaps Parliament might reject, but which the executive might put forward to you. Previously, however, you have had this custom to remove that.

**The Chairman:** Yes, I understand the custom. Are there any further questions?

I have one question on the use of the \$2 billion, and, according to what you say, \$270 million has now been used. What are the cash requirements of the government between now and the end of the fiscal year?

**Mr. Handfield-Jones:** Mr. Chairman, the government has stated that its expectation is that the cash requirements for this fiscal year, as a whole, will be between \$5 billion and \$6 billion.

**The Chairman:** From this point, today—and the use of the \$270 million of it—what will the cash requirements projected to the end of the fiscal year be?

**Mr. Handfield-Jones:** I do not think that we want to try to match our borrowing requirements—

**The Chairman:** I am not asking you to "match"; I am asking what your projected cash requirements are. Ignore the \$2 billion, if you like. What do you project, in cash requirements, between now and the end of the fiscal year?

**Mr. Handfield-Jones:** I do not have that figure, Mr. Chairman.

**The Chairman:** You do not?

**Mr. Handfield-Jones:** No, I do not have it because all of our planning and thinking is in terms of a fiscal year and not in portions. There are very substantial swings in the cash position of the government in the course of the year because of large seasonal patterns.

**The Chairman:** Wait a moment now. At any particular time the swings can take place, I agree, but at any particular time the department must be able to estimate its cash requirements.

**Mr. Handfield-Jones:** We can. I could get that figure for you. I do not have it with me. Perhaps one of the reasons I do not have it with me is that we do not try to match borrowing with requirements over short periods of time because the requirements vary as a result of the timing, of the flow of receipts and payments, while the borrowing program is geared to the absorptive capacity of the capital markets and the largest borrowing in the capital markets. It is very important in terms of maintaining orderly conditions in these capital markets that our borrowing should be carefully timed. The buffer between the flow of borrowing and the flow of cash requirements, is the movement of our cash balances which go up and down.

**The Chairman:** I am talking about cash requirements that are related directly to borrowing; in other words, that are not on the basis of normal receipts. The government knows at this stage that it has a cash requirement between now and the end of the fiscal year. It may vary in respect of an incorrect estimate. It is a difficult estimate to make, but nevertheless the government does make it and it amends it from time to time. At this stage in the year that estimate is only moving ahead now three months. That is not a very difficult estimate to make. But it does relate very much to the stance of the Governor of the Bank of Canada who says he is going to raise the money supply at between 10 and 15 per cent. It would appear to the casual observer that he is reacting in part to government cash requirements. So I think it is essential that we know what those requirements are.

**Mr. Wostenholme:** Mr. Chairman, perhaps I can make just one point here. What we do know is that in the last quarter of any fiscal year the cash drain on federal government cash balances is probably at its highest. That would be in connection with budgetary and non-budgetary expenditures. We also have these other patterns which may not be related to budgetary and non-budgetary expenditures. For example, we have during any fiscal year quite a large drain of cash on account of Canada savings bonds redemptions. So, for example, from April 1 to September 30 we had approximately \$350 million redemptions of Canada savings bonds. Just to give you an idea of the tremendous flows and differences and the difficulty of estimating, in the same period of the previous year, because of the very high level of redemptions of Canada savings bonds, we lost something like \$1.3 or \$1.4 billion in cash. So I think this really underscores the fact that it is difficult to be precise about your borrowing program and your actual expenditures.

**The Chairman:** It is difficult to give an estimate that is absolutely correct, but you have a very sophisticated econometric model there. You are going to put in your variables and you, at this stage, have a reasonable assumption of what your requirements will be and how you propose to finance those requirements. I think it would be interesting to the committee to know what those requirements are and how you propose to finance them, and then to compare them at the end of the fiscal year with what actually occurred. You are asking for

authority here to borrow an additional \$2 billion. I think it is germane to ask you how much of it you are going to use and what possibilities there are that this authority will not be sufficient for the purposes and that it will be increased. Then, since we are concerned about the economic aspects of government expenditures in this committee, of course it is of interest to the committee to know what effect your department is having on the cash balances.

**Mr. Handfield-Jones:** Perhaps I could elaborate slightly on what Mr. Wostenholme has said. Our cash balances are now really high. Beginning in December they were in excess of \$4 billion. This is the seasonal high point in the cash balances. We have received a large influx of funds from Canada savings bonds. What we face between now and the end of the fiscal year is a substantial drain on those cash balances.

**The Chairman:** We are all in the same boat.

**Mr. Handfield-Jones:** The government has some special needs. One of them, of course, is the personal income tax refunds which come in in the final month of the fiscal year. Normally, people claim refunds faster than they make their funds available through taxes.

We are going to see a substantial rundown in cash balances. The overall cash needs between now and the end of the fiscal year will be well in excess of what we borrowed. The financing of the needs between now and the end of the fiscal year will be, to a heavy extent, provided by running down the cash balances. I guess the beginning of December is just about the seasonal peak. I would not want to forecast with any precision exactly what our cash balances will be at the end of the fiscal year.

**The Chairman:** But, indeed, that is the point: you can. You see, you can forecast, and do forecast, what the cash position of the government will be, and you can give us a cash statement which would include the requirements, the external requirements or the requirements derived from borrowings in that period.

**Mr. Handfield-Jones:** Not with a very high degree of precision, Mr. Chairman.

**The Chairman:** We can comment on the precision at another time.

**Mr. Handfield-Jones:** The government has stated that it expects its overall cash flow for the fiscal year to be between \$5 billion and \$6 billion. It is not prepared to be more precise at this stage because of continuing uncertainties. If you are looking at it in connection with the borrowing authority, the additional borrowing authority is \$2 billion. It is unlikely that that will all be used. The expectation is that, given the opportunities for raising funds as a result of the weekly treasury note tender and the timing of the refunding issues, perhaps something in the order of \$1 billion could be raised in a way which would not be at all disruptive to capital markets. If there were opportunities to raise more as a result of capital market developments, the government would obviously wish to consider using these. If it does not do so and if it does not use the opportunities created by the weekly treasury note tender and the date of the



maturing issues, then the consequence will be that the burden which will have to fall next year on the capital markets will be that much greater. But it is unlikely that the total cash requirements for the balance of this fiscal year will be financed more than a limited proportion by new borrowing, because of the seasonal pattern.

**The Chairman:** That is right.

**Mr. Handfield-Jones:** Something in the order of \$2½ billion to \$3 billion is likely to take the form of a reduction in cash balances, and something in the order \$1 billion in terms of new borrowing. Those things can vary, depending on the state of the market.

**The Chairman:** I am in the hands of the committee in this respect, but I should still like to see a statement of the cash position of the government between now and the end of the fiscal year. I would like to know what those needs are and how they will be met. It may be by a reduction of balances; it may be by external financing. I feel confident that the department has fairly sophisticated projections in that direction. I am in the hands of the committee. Incidentally, I am not suggesting that you should give us that information now.

**Senator Flynn:** No, you could write to the chairman and provide him with the information if it is available.

**Mr. Handfield-Jones:** I will certainly undertake to do what I can to meet this request, Mr. Chairman.

**The Chairman:** I don't know about that. Doing what you can may be going back to your office and staring at the wall. We want a little more assurance than that. Is there some difficulty in your giving us this information?

**Mr. Handfield-Jones:** It is simply a matter of continuing uncertainties in the forecasts.

**The Chairman:** Is the information in any way of such a nature that it should not be made public? If it is, we have a remedy for that.

**Mr. Handfield-Jones:** That would have to be determined, Mr. Chairman.

**The Chairman:** If that is the case, the committee is prepared to accept the information on an *in camera* basis, if there are public implications involved.

**Mr. Handfield-Jones:** I do not know what more I can do, Mr. Chairman, than to say that I will undertake to pursue this.

**The Chairman:** What is your wish, honourable senators?

**Senator Neiman:** I am sure the department should be able to come up with some information. It did make a forecast that it would require another \$2 billion—which we are to approve. Surely it must have done so on the basis of some information or some forecast, and that is really what we are asking for. Is that not correct, Mr. Chairman?

**The Chairman:** That is correct.

**Mr. Handfield-Jones:** I can be precise in this respect, that the \$2 billion requested specifically provides—as these requests always do, of course—for some measure

of contingency. This is not our best estimate of what we propose to raise.

**The Chairman:** What we are suggesting is that you let us see your estimate as it is at this stage. We are not saying that it has to be precise, but we want to know what your estimate is.

**Mr. Handfield-Jones:** Could I take one moment to consult with my colleague, Mr. Chairman?

**Senator Sparrow:** Mr. Chairman, perhaps you could be more specific about it. Perhaps you could say something like, "as of December 1, until the end of the balance of the fiscal year". I think you have to be specific, at least.

**The Chairman:** I think I said, as of now to the end of the fiscal year. They say they are \$270 million into this \$2 billion of authority now, and I would like to see what their projections are from this point on. I find it difficult to believe that they do not have projections.

**Senator Neiman:** They must have.

**Mr. Handfield-Jones:** May I ask the committee's indulgence so that I can consult my colleagues on what we do have at our disposal here?

**The Chairman:** Yes. Of course.

Honourable senators, I think that at the end of the evidence from the various witnesses we should perhaps sit *in camera* to discuss the report. Is that agreeable?

**Hon. Senators:** Agreed.

**Mr. Handfield-Jones:** Mr. Chairman, what I can say at this stage—and I would obviously like to have the opportunity to review these numbers, since we are taking them almost off the top of our heads at this stage—is that in the final four months, between the beginning of December and the end of the fiscal year, we can see total requirements, if no new borrowing is undertaken, of something in the order of \$3 billion to \$3½ billion. If additional borrowing of \$1 billion were undertaken, that would involve a decline in cash balances of \$2 billion to \$2½ billion; so of the total requirements, \$1 billion would be raised by borrowing, and \$2 billion to \$2½ billion by reduction in cash balances. The \$1 billion is a broad number in terms of what we can see as the amount that could be raised by the borrowing opportunities available to us as a result of the weekly treasury bill tender, and the opportunity to add, to obtain, new funds when we refinance maturing issues. The borrowing authority sought provides a measure of contingency both to provide for unforeseen cash drains and to use opportunities to raise additional funds in the markets if the situation in the markets develops in a favourable way. The ability to take advantage of such opportunities would have the great advantage of reducing the amount of the burden the government would have to put on the capital markets in the subsequent fiscal year. Does that go some way towards explaining the problem?

**The Chairman:** Yes. Two things occur to me, however. The first is that I think your estimate is based on the original estimate of the year, which I am sure has been refined since, and that you therefore might have a more accurate estimate at this stage. Secondly, on the question



of the borrowing requirements, are you talking about money that is merchandised to the public?

**Mr. Handfield-Jones:** With regard to the first question, Mr. Chairman, in the June budget the figure estimated for the cash requirements, excluding foreign exchange transactions, in this fiscal year, was \$5.3 billion. The only subsequent public statement by the minister has been that it is between \$5 billion and \$6 billion. There will be some changes from that \$5.3 billion figure, but they do not appear to be large, and so the figures we have given you do not in any way distort our current view of what we expect to happen.

**Mr. Wostenholme:** In connection with borrowing through the balance of this fiscal year that we may or that we would like to undertake, not all of it would be with the general public. The Bank of Canada would, in the normal course of events, take up a proportion of that amount, although I cannot say how much—that is up to the Bank of Canada; but if you look at past activities, I would guesstimate, anyway, that perhaps as much as \$400 million, or \$500 million, might be raised from the general public in that period of time. Again I would not want to be precise about any of these figures. We say \$1 billion, but that, to my mind, is rather a maximum view, because the opportunities are limited, without impacting upon the capital markets quite severely. An orderly management program would entail adding to the weekly tender of treasury bills as we go through the rest of the fiscal year, and as we had done prior to November 14, during the current fiscal year. The market accepts that, and there is the demand there.

The other main opportunity would be the February one of refunding, when we have \$150 million in 9½ per cent marketable bonds to mature. At that particular time we would take the opportunity, if the market is receptive—that is, the general public market—of raising some new funds; but we could not be precise at this point in time. If the Bank of Canada, for whatever reason, has, through its monetary policies and cash management, a requirement for federal government bonds, we would like to be in a position to meet that requirement. I could not be more precise than that.

**The Chairman:** I think that is reasonable, but I think you could, on reflection, give us a tighter estimate than that of the requirements over that period, and of what you expect will happen to cash balances. I do not think we need to prolong this meeting now. I think you know what it is we are requesting, and if there is a problem with the publication of these figures, then I think the committee would be prepared to hear them on a confidential basis; but we would like that estimate.

Are there any further questions?

**Senator Smith (Colchester):** I do not want to usurp the time of others because I have used it very generously so far, but if I may, I would like to just finish the line of questioning I was pursuing, which I hope will not take too long. I believe the last question I had asked was about the factors which are considered by the financial houses in Canada in connection with whether or not the occasion is right for the marketing of a provincial or municipal or corporate bond issue.

May I just refer to the United States for the moment? I will mention two or three items and ask you if you agree, or you may elaborate on them if you think appropriate. The first thing is the prospective borrower has to be known. I suppose the second thing is that he has to establish an acceptable credit rating with the rating people in the United States. I suppose a further factor is the question of the reputation of the borrower, among financial institutions generally—the way in which they regard it. Would you like to add anything to that?

**Mr. Wostenholme:** No, Mr. Chairman, I think that properly describes it. There may be another question and that is the borrowing plans in the future, not just the credit rating but the borrowing plans of that particular borrower.

If it is known that those borrowing plans are enormous in Canada, it could impact upon its credit rating here and might impact somewhat on the credit rating in the United States. However, basically, that is correct.

**Senator Smith (Colchester):** Could I go through the actual figures? You gave us a figure for what has been borrowed abroad this year by the provinces, the municipalities and the corporations. I do not know whether you have any estimate of what is likely to happen in that respect during the balance of this year.

**Senator Sparrow:** Total external borrowings for the fiscal year?

**Senator Smith (Colchester):** Yes, for the fiscal year, yes, I am sorry.

**Mr. Wostenholme:** Mr. Chairman, I have no estimates on that. The plans of the provinces concerned are pretty flexible in this regard. I think if they see opportunities of borrowing in the Canadian markets, they will take those opportunities. If for some reason the United States market is a little more difficult, because of the financial circumstances, they would tend to cut back on their impact.

**Senator Smith (Colchester):** Perhaps it would help a little if you happen to have with you the figures for the last fiscal year.

**Mr. Wostenholme:** Yes.

**Senator Sparrow:** While you are looking that up, the figure that was used was \$1 billion and some for the first three-quarters. It was a billion and what?

**Mr. Wostenholme:** About \$1½ billion.

**Senator Sparrow:** That is for municipalities and provinces . . .

**Mr. Handfield-Jones:** About \$2.2 billion for provinces, municipalities and corporations altogether.

**The Chairman:** Of which \$300 million was municipalities and \$200 million was corporations.

**Mr. Handfield-Jones:** The corresponding figure in Canada in 1974 was about \$1,850 million. So, it is obviously going to be higher this year than last year.

**Senator Smith (Colchester):** I beg your pardon?

**The Chairman:** It was \$1,850 million last year.

**Senator Smith (Colchester):** That is the total of the three groups?

**Mr. Handfield-Jones:** Yes.

**Senator Smith (Colchester):** Could you break that down?

**Mr. Handfield-Jones:** Yes. The figures for the provinces—I am rounding them off here—\$1,500 million; for the municipalities, \$160 million; for corporations, \$250 million.

Now, we do know that there have been a number of issues placed in New York in the fourth quarter. You are closer to this, Mr. Wostenholme, than I am. I believe there was an Ontario hydro issue, was there not?

**Mr. Wostenholme:** Yes, and Quebec.

**Mr. Handfield-Jones:** There was a Metropolitan Toronto issue and an Ottawa-Carleton issue.

**The Chairman:** I guess there will be a Saskatchewan issue.

**Senator Sparrow:** Mr. Chairman, may I ask who monitors the timing of these various issues, so they do not all come on the market at the same time?

**Mr. Wostenholme:** There is no form of monitoring. In a sense the provinces do, from time to time, tell us what their total requirements may be, but there is no monitoring of the actual going to the U.S. market. In fact, that is generally left up to the judgment of the fiscal agent of the province concerned.

**Senator Sparrow:** What about the Canadian market?

**Mr. Wostenholme:** In the Canadian market, it is much the same. The fiscal agent would be aware of the borrowing plans of other borrowers, including the Government of Canada, and would advise the provinces as to the appropriate time to come to the Canadian market, so as not to be congested.

**Senator Smith (Colchester):** This is done through the Department of Finance rather than through the Bank of Canada.

**Mr. Wostenholme:** No, this is done in the private sector. This is the fiscal agent of the province concerned. We hear the precise timing quite frequently from the fiscal agent of the province as opposed to the province itself.

**Mr. Handfield-Jones:** Perhaps I might add a general comment, Mr. Chairman. As you know, the provinces attach considerable value to their independence in terms of their own financing operations. They have found it helpful to themselves to have a forum such as the federal-provincial finance ministers' meetings at which the ministers exchange information on their general plans and intentions over a year ahead. That gives them some idea of what the others are doing and it enables them to sort of see a total picture. But when it comes down to particular operations, they regard that as very much an essential element of their financial independence.

**Senator Smith (Colchester):** How much of the \$1,850 million was outside Canada?

**Mr. Handfield-Jones:** It was all outside Canada. We were talking about the total of the issues outside Canada.

**Senator Smith (Colchester):** For the same group in that year 1974-75, how much was borrowed in Canada?

**Mr. Handfield-Jones:** The provinces in 1974 raised \$1.2 billion from the Canada Pension Plan, which is a non-market operation essentially. They raised \$1 billion in other than the Canada Pension Plan. That is on the capital market—directly guaranteed issues to the provinces. The municipalities raised \$380 million; the corporate bonds, \$1,650 million. So if you compare those figures with the figures on the overseas issues, the provinces raised rather more by market issues outside Canada than inside Canada. The municipalities raised less than half abroad what they raised domestically and the corporations borrowed the large share of their funds in Canada as opposed to abroad. So you see that it is the provincial directed guaranteed issues which are the big players in the foreign borrowing business.

**Senator Smith (Colchester):** Turning to what might happen this year, then, is it likely to approximate the amount borrowed in total last year, and the distribution as between Canada and outside?

**Mr. Handfield-Jones:** The pattern is not changing. All of the members are a bit bigger, but there is no significant change in the pattern from 1974 to 1975.

**Senator Sparrow:** Is there a point at which your department becomes worried about external borrowings? If so, what point is that and what would you do about it if the concern showed?

**Mr. Handfield-Jones:** Mr. Chairman, there was a period some time ago in which some concern was expressed that foreign borrowing was excessive. Essentially, the concern was about the exchange rate. That was at a time when our current account position had substantially improved but where there was still pressure to raise funds in foreign markets. There was some concern that this would push up the exchange rate and thereby damage our Canadian industry trying to compete abroad. At that time the federal government asked the provincial governments to limit, as far as possible, their borrowing and to raise what they could in Canada without impairing their total cost of borrowing. The rate was pushing up and there was some concern about this. This was in the period of 1972-73. Subsequently the situation changed quite dramatically. The current account deficit has widened sharply as a result of the recession in the United States and in other countries. Perhaps because of what has happened to our cost position, and because of the fact that we need a substantial increase in funds to meet our current account balance without putting pressure on our exchange capital, that request to the provinces was withdrawn some considerable time ago. So the federal government has from time to time expressed views and made requests—but, of course, all on voluntary terms.

**The Chairman:** Are there any further questions? On behalf of honourable senators, I should like to thank Mr. Handfield-Jones, Mr. Wostenholme and Mr. Ryan for their appearance here today, and to wish Mr. Ryan many happy years of retirement.

The committee adjourned.





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FIRST SESSION—THIRTIETH PARLIAMENT  
1974-75-76

**THE SENATE OF CANADA**  
**PROCEEDINGS OF THE**  
**STANDING SENATE COMMITTEE ON**  
**NATIONAL FINANCE**

The Honourable DOUGLAS D. EVERETT, *Chairman*  
The Honourable HERBERT O. SPARROW, *Deputy Chairman*

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Issue No. 30

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WEDNESDAY, MARCH 10, 1976

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**First Proceedings on**  
**Supplementary Estimates "B" laid before Parliament**  
**for the fiscal year ending March 31, 1976**

(Witnesses: See Minutes of Proceedings)

STANDING SENATE COMMITTEE ON  
NATIONAL FINANCE

The Honourable D. D. Everett, *Chairman*;

The Honourable Herbert O. Sparrow, *Deputy Chairman*.

The Honourable Senators:

Barrow	Hicks
Benidickson	Langlois
Carter	Manning
Côté	Neiman
Croll	O'Leary
Desruisseaux	Perrault
Everett	Prowse
*Flynn	Robichaud
Giguère	Smith ( <i>Colchester</i> )
Graham	Sparrow
Grosart	Yuzyk—(20).

\**Ex officio* members

(Quorum 5)

# Order of Reference

Extract from the Minutes of the Proceedings of the  
Senate Wednesday, 3rd March, 1976

"With leave of the Senate,

The Honourable Senator Langlois moved, seconded  
by the Honourable Senator Perrault, P.C.:

That the Standing Senate Committee on National  
Finance be authorized to examine and report upon the  
expenditures set out in the Supplementary Estimates  
(B) laid before Parliament for the fiscal year ending  
the 31st March, 1976.

The question being put on the motion, it was—  
Resolved in the affirmative."

Robert Fortier,  
*Clerk of the Senate.*



# Minutes of Proceedings

Wednesday, March 10, 1976

Pursuant to adjournment and notice the Standing Senate Committee on National Finance met this day at 9:30 a.m. to consider the Supplementary Estimates (B) laid before Parliament for the fiscal year ending March 31, 1976.

*Present:* The Honourable Senators Everett (*Chairman*), Benidickson, Carter, Grosart, Langlois, Manning, Sparrow and Yuzyk. (8)

*In attendance:* Mr. J. H. M. Cocks, Director of Administration of the Committee.

*Heard in explanation of the said Supplementary Estimates:*

*From the Treasury Board:*

The Honourable Jean Chrétien, President;  
Mr. B. A. MacDonald,  
Deputy Secretary, Program Branch.

*Present but not heard:*

Mr. E. A. Radburn,  
Director of Estimates Division;  
Mrs. T. M. Melnyk,  
Executive Assistant to Mr. Richardson.

A discussion took place and it was resolved that a first Report should be presented and wait until the Committee finishes its consideration of the said Supplementary Estimates at a future date to present a final Report.

At 12:00 noon the Committee adjourned to the call of the Chairman.

ATTEST:

Gérard Lemire,  
*Clerk of the Committee.*

# The Standing Senate Committee on National Finance

## Evidence

Ottawa, Wednesday, March 10, 1976.

The Standing Senate Committee on National Finance, to which were referred the Supplementary Estimates (B) laid before Parliament for the fiscal year ending March 31, 1976, met this day at 9.30 a.m.

**Senator Douglas D. Everett** (*Chairman*) in the Chair.

**The Chairman:** Honourable Senators, we have before us today the supplementary estimates for the fiscal year ending March 31, 1976.

We are honoured to have with us as our witness the President of the Treasury Board, the Honourable Mr. Chrétien. With Mr. Chrétien is Mr. B. A. MacDonald, the Deputy Secretary, Program Branch.

I suggest to honourable senators that we ask Mr. Chrétien to make a statement, and that if there are any questions we have to direct to Mr. Chrétien we do so now. Then perhaps we could excuse him and continue with Mr. MacDonald. Is that agreeable?

**Hon. Senators:** Agreed.

[*Translation*]

**The Honourable Jean Chrétien, President of Treasury Board:** These are the second and final Supplementary Estimates for the year. As I promised quite early in the year, total expenditures have been held to a 16 per cent increase over 1974-75 according to our recent calculations. Given the inflation we have been living through with the pressures it places on indexed social programs, on interest rates, on capital costs, and on salaries and goods and services, I am very proud that I have been able to deliver on this promise.

The story of these supplementaries is very simple. They add to \$921 million in adjustments to the costs of existing programs, including some items that do not even involve the expenditure of new costs but are accounting adjustments.

I will list the big items and you will see that they are all or almost all payments by the government to assist provinces, to assist individuals or to assist some segment of the economy.

[*Text*]

- ... \$186 million for costs accumulated under the two price wheat program that keeps the price of bread down
- ... \$155 million for Public Debt Charges
- ... \$114 million to cover the final deficit in the Old Age Security Account
- ... \$113 million for various fiscal transfers to the Provinces

... \$107 million to provinces to cover our share under provincial welfare plans

... \$40 million to compensate the railways for operating unprofitable services to the public

... \$35 million for the deficit of the CNR

... \$26 million to set up a drawing account for temporary advances in the operation of the defence program

... \$24 million towards our share of the provinces' university education costs

... \$23 million to provide for forgiveness of an old loan to Romania

... \$22 million for price support payments to farmers.

Those eleven items add to \$845 million, around 90 per cent of the whole. The usual list of \$1 items and explanations for them has been provided to you.

As I was saying in my first part in French—and I saw some of you had not the time to use your translation—when I came before you about a year ago I stated to you that I was going to try to confine to increase in expenditure for the 1975-76 fiscal year to 10 per cent, down from a 26 per cent increase the previous year.

Some of you senators looking at the tabling of the Blue Book—because in the Blue Book it is not everything that you have in there—have shown some skepticism about my hopes. So a year later I am glad to say that I have been successful in coming within my guidelines, and I want to report that to you.

If you have questions of a general nature, you can put them to me. I appreciate what the chairman has said, that later you can free me and Mr. MacDonald, who knows more about the specific aspects of the supps., will be available for comments.

**The Chairman:** Thank you, Mr. Chrétien.

I might just interject this before we begin the questions, honourable senators, that the report of the detailed examination of the committee on the Manpower Division of Canada Manpower is now complete in draft form and it will be delivered to honourable senators on the committee, hopefully by noon tomorrow. I would propose that we have meetings to review the report and finalize it next Wednesday morning, after the Senate sits, and Thursday morning, and hopefully we can have it finalized and ready for printing by next Thursday afternoon.

**Senator Benidickson:** Mr. Chairman, I spoke to you before the meeting and indicated that this is a very heavy day for meetings, and I repeated my usual admonition that I think that meetings should not take place on caucus day. Particularly in the two largest provinces, Ontario and Quebec, there are good meetings scheduled for today. In Ontario I think the provincial leader is making his first visit to the caucus; and I have no doubt that possibly as a

result of the weekend conference in Quebec, and some very important speeches that were made there, it will be a very well-attended meeting of caucus in Quebec. Most of the provinces have their caucus meetings on Tuesday night and others on Wednesday. We seems to be having meetings on Wednesdays now, but we never sat on Wednesday at all before the Federal Caucus...

**The Chairman:** If I might interrupt you there, I would like to say it is not my intention to have meetings on Wednesday morning, but to continue with our traditional Thursday morning. There are two things which militated against this in respect of this Wednesday and Next Wednesday. One is that we do have the Canada Manpower report, and we are under a time constraint on that, and we are trying to get it out of the way. It is a document of some 250 pages, so it will take the committee a fair amount of time to go through it. The second thing is that we do try to accommodate the minister early on Wednesday morning so that he can avoid Cabinet being in conflict on Thursday.

**Senator Benidickson:** I want to point out...

**The Chairman:** It is not my intention to have the meetings on Wednesdays.

**Senator Benidickson:** There were a lot of the members here yesterday and they are ready to do the work, so I think Tuesday should be considered.

I want to go on to say that this might conflict. Two or three of the Supplementary Estimates refer to several Appropriation Acts, 1975 and other years. The first of the Estimates is 1975-76 and 1976-77. I have not brought those large books with me this morning because I have indicated to you that I must go on to this other meeting. There are two other Senate committee meetings this morning.

Then the Supplementary Estimates also refer to compilations, and if one is doing his homework, they go back as far as an appropriation made in 1953. I think there are two items that refer to the 1953 appropriations. So I am very glad to hear you say that these meetings will be held, and that Mr. MacDonald will be called at an early date so that we can go in detail into them with Mr. MacDonald, as I think has been our practice. Then perhaps you will be in a position to indicate where it might be necessary to go beyond Mr. MacDonald, in one or two cases, and perhaps have ministers attend.

To the extent that I have been able to do any homework, quite inadequately, my interest and curiosity, and even apprehension, are particularly at the moment related to Schedule E of the document provided to us relating to \$1 items. My apprehension relates to the fact that most of these items would appear to involve unstated total liabilities or appropriations of perhaps considerable consequence, and I think that this committee should go in depth into the information concerning these particular items.

Then I wonder if the Treasury Board staff, before our next meeting, might summarize a few items and total them, and summarize a few items that appear frequently in the Supplementary Estimates B under such headings as "Special and Professional Services." I wonder what is the total in the Supplementary Estimates of the items that are called "Special and Professional Services." Is there any calculation as to the man-years that are involved in these types of segregation or description of expenditures? Are these expenditures in part, or are they intended to be in any way, substitutions for manpower increases that would be normal by intake and enlargement of the public service?

I have not done it, but I wonder if the officials of the Treasury Board could total for us the amount in the Supplementary Estimates B of transfers or lapses. Probably there is a difference between them, but I do not think there is a difference between the transfers and lapses. They are therefore creating a dollar item when they are really matters that are not going to be spent, for the most part, in 1975 and 1976, although new expenditures do appear. They probably are not in the calculation of the minister's 16 per cent, because there are lapses of unspent items or deferred items. Some of them are going to be spent in the future.

**Hon. Mr. Chrétien:** Everything is included.

**Senator Benidickson:** Including the lapses?

**Hon. Mr. Chrétien:** Yes.

**Senator Benidickson:** Fine.

**The Chairman:** Does that answer your question?

**Senator Benidickson:** On that particular item, yes. Mr. Chairman, by the way do we have a quorum?

**The Chairman:** Yes, we do.

**Senator Grosart:** A supplementary question: The minister said the lapses are included. They are not included as expenditures?

**Hon. Mr. Chrétien:** No, they are included in the total picture.

**Senator Grosart:** Yes, they are included in the total picture.

**Hon. Mr. Chrétien:** They are lapses, so they have not been spent. So I cannot say they have been spent, but they have been included. The money will revert to the Consolidated Revenue Fund of the government, and you cannot use that money next year; it has disappeared.

**Senator Grosart:** They are usually called "delays". The word "delay" is used constantly throughout the supplementaries. These are delayed expenditures?

**Hon. Mr. Chrétien:** Yes. It could be delays in construction.

**Senator Grosart:** Yes, that is what I mean.

**Hon. Mr. Chrétien:** Yes, but what I mean by the lapses is the amount of money that is not spent at the end of the fiscal year; and those monies, when they are not spent, the departments cannot hold on to them. The money reverts. If they have not spent the money, that is different. They cannot say, "I have a few million dollars I did not spend last year; I want to spend them this year." The year is over.

**Senator Grosart:** I think the point I wanted to make, and Senator Benidickson was making it too, is that these are not real savings where they appear as transfers.

**Hon. Mr. Chrétien:** I am not talking about savings. At the beginning of last year I said the total expenditures—not only the Blue Book, because the Blue Book just gave part of the story; there are others two or three times in the year—would be reduced from 26 to 16 per cent. When I said that, I saw smiles on many faces, because nobody thought it was possible to bring about such a thing, to put the brakes on that strongly.

**Senator Langlois:** Even on friendly faces?



**Hon. Mr. Chrétien:** Even on friendly faces. Now they knew the amount of pressure I was to be submitted to within my own party to do it.

**Senator Grosart:** No, the point I was asking was that you have exercised this restraint, but when we speak of these delays, if there had not been these delays that money would have been spent. This is where you have your transfer items. You are saying, "Because this project did not go ahead, or for other reasons this money was not spent, we are now transferring it and spending it on something else."

**Hon. Mr. Chrétien:** Yes, but sometimes there were delays caused by the government or by the department in order to have enough money to do something else.

**Senator Grosart:** I am not objecting to delays. I am merely saying that if we are to examine the 16 per cent we would have to consider that, because that money is still there. There is a delay in expenditure, that is all. It is going to be spent, in most cases, sooner or later.

**Mr. B. A. MacDonald, Deputy Secretary, Program Branch, Treasury Board Secretariat:** I wonder if I might add something? It is usually only the capital expenditures that involve delays. A considerable part of the 16 per cent saving this year was achieved by the freeze on staff, and of course that does not involve a delay, because the staff just was not hired, and it is not going to be paid twice next year as it were. So a very large part of the lapses are in the nature of a delay.

**Senator Grosart:** That really emphasizes my point, that those standards will be met sooner or later. However, that is not my point. I just raised it when the minister said the lapses were included, and I just wanted to clarify it in my own mind.

To come to the 16 per cent, Mr. Minister, there is still a great deal of criticism from apparently informed circles that government expenditure is still too high and is still the major cause of inflation. Can't you do better than 16 per cent?

**Hon. Mr. Chrétien:** I am a bit disappointed, despite the hard work of my staff and myself, with the cuts that were brought about in December. There was a little bit of blood on the floor, I think, but we still finished with 16 per cent forecast for next year. I do not know if I can talk about it at this point, because the estimates of next year will be in front of the House and the Senate very soon. Some of the reasons perhaps I can give you, with the permission of the chairman. For example, there is the deficit on the Unemployment Insurance Fund: that has increased by a billion dollars, and it is money that has already been spent last year. Of course, both the House and the Senate have brought about some amendments to the Unemployment Insurance Act and it is likely that the deficit for this calendar year, 1976, will be lower than the one that I had last year. Of course, there is the Public Debt, for example. The increase in the budget for next year is \$6 billion but you have \$1 billion that goes only for the service of the Public Debt. Then there is close to \$1 billion for the Unemployment Insurance; and the rest of the money is in transfer payments either to the provinces or to individuals. One big item is the Old Age Security system that we have, and, on top of that, the Canadian people are living longer than before, so the numbers increase substantially every year. Therefore, this is making it a very expensive pro-

gram. Just for this program alone it was an increase of \$500 million or more. Then there is the hospitalization care system: we pay 50 per cent of the bill of the provinces. Of course, that is not known, because everyone knows very well that the best-kept secret of any province is the federal contribution; but we pay 50 per cent of the bill, and this is increasing very fast too. There is another item that we have increased, but it does not really belong in this debate, but just to give you some information because I will come back to explain it in further detail, we have increased by almost \$600 million the budget of National Defence, because we have concluded that after so many years of squeezing and squeezing we were faced with the problem that our soldiers were almost barefoot, and we had to give them some equipment. I think that the proportion of the total budget of the government taken by National Defence has been reduced year after year, and I think this is the first time where we have decided to stop it and perhaps pour a little bit more money into it, because they have to buy new planes and they have to buy all sorts of new equipment. There is a lot of criticism that the tanks we have in Europe are pretty bad; they would not be effective if they were to be used. So this one item that I have increased, just to give you a general explanation of where the \$6 billion increase is. But one point I want to make is this: I used to measure my success by the amount of money I was spending when I was in Indian Affairs and Northern Development, but I am telling you that since I have been in the Treasury Board there were in fact only two new programs that have been accepted by the government in fourteen months: one was the spouse allowance, so that when a man is covered and his wife is more than sixty she will qualify as if she were 65. The other one was a bridging program for fisheries on the East Coast, and I am sure that Senator Carter is quite aware of this program. Really we had no choice; it was a matter of destroying completely the fishing industry on the East Coast if we had not moved in.

Those have been the only two new programs that have been approved by the government since I was appointed President of the Treasury Board. Of course, if we had spent very much money you would be blaming me because I am the President of the Treasury Board.

**The Chairman:** In that regard, Parliament just received Royal Assent on a bill which I think was called the Grain Stabilization bill. Are there any projections on the cost of that? It appeared to me that it is an open-ended thing.

**Hon. Mr. Chrétien:** Yes, it is a shared cost program between the farmers and the federal government. There is hardly any cost so far, because we have decided not to pay our contribution right away. In fact it is a kind of insurance scheme for the grain producers in the West, and we have decided in fact it was just a transfer payment in our own books, because we are writing \$100 million there and we use the money in the other book. It is written in the Blue Book. We have decided not to do it, so that if there is a disaster we will have to pay to foot the bill anyway.

**The Chairman:** Has anybody done any actuarial projection on the sort of cost that might be involved?

**Hon. Mr. Chrétien:** I think Mr. MacDonald could give you some information here.

**Mr. MacDonald:** Mr. Chairman, in large part if there are payments out of the Grain Stabilization Account they would be compensated for by reductions in payments under the two-price wheat program. Payments under the

former take place because of falling prices and under the latter because of rising prices.

**The Chairman:** But there are other grains involved, of course, than wheat?

**Mr. MacDonald:** Yes.

**Mr. Grosart:** Mr. Chairman, I think we are all agreed that I think the minister can justify these expenditures naturally, as President of the Treasury Board.

**Hon. Mr. Chrétien:** Otherwise he will have to go!

**Senator Grosart:** And we are all aware, Mr. Minister—at least, I am—that you have worked hard and done an excellent job. The question that is agitating many people around the country is: Is it enough? You speak of transfers. We understand perfectly well that this is money, in most cases, that the provinces would be spending, or would be taxing for and finally spending. But the problem seems to be the total spending of all governments, so we lump it together and say: Is it as serious as the majority of economists and commentators are saying? They are saying that the continued increases in the level of government spending, particularly at the federal level—because this is where the criticism seems to be levelled—is in contradiction to everything the government is urging in other people's expenditures. Is it not possible to bring increases in federal government spending down within the anti-inflation guidelines?

**Hon. Mr. Chrétien:** Yes, I could have done this very very easily. For example, if we had decided not to give any more subsidies on oil and let the price of oil go to the international level, \$12.50, I would have saved \$1.5 billion. So it is equivalent to 4 per cent of the budget, and I would have been right within the guidelines, right there. Why we are not doing that is because we have decided that it would have been too difficult and too inflationary, it would have created too much inflation to be faced with that very sudden increase, and the policy of the government has been that the price will go up in stages, and in the meantime we have to give a subsidy.

**Senator Grosart:** Mr. Minister, I think we are aware that you can justify every expenditure in your own mind.

**Hon. Mr. Chrétien:** But the point I want to make to you is this: you are asking me why we are not within the guidelines.

**Senator Grosart:** Yes, I am asking you: Is it possible, or is it impossible, for the federal government to come within the anti-inflation guidelines. Is it impossible? That is what I am asking.

**Hon. Mr. Chrétien:** If we keep those subsidies . . .

**Senator Grosart:** It does not matter what you keep. I ask: Is it possible?

**Hon. Mr. Chrétien:** No, it is not.

**Senator Grosart:** You are giving me reasons why it seems to be impossible, but I am asking you if it is impossible.

**Hon. Mr. Chrétien:** It is. People will be asking me why you have any increase at all. I can tell you that if we wanted we could have zero growth in the expenditures, but in terms of managing the economy it would be a disaster,

and it would create a deeper recession for all Canadians. Everything is possible. We can decide tomorrow to chop a lot of programs. We could, you know.

**Senator Grosart:** You have chopped some.

**Hon. Mr. Chrétien:** We have chopped some, and the problem is I am still waiting for good suggestions, because there is this myth that everything in the federal civil service is bureaucrats. I am telling you, if I was to fire everybody in the room here, and in all the civil service, people who work for the federal government, the expenditure would still be increasing. So do not think it is all on bureaucrats and their travelling. The cost of having bureaucrats is 14 per cent of the total budget of the federal government. So if I kicked them all out, the budget would still increase. So we have to forget that myth. The problem with expenditures is this: I see my friends and your friends across the aisle in the House go wandering for the fun of it: in half of their questions they are asking us for new money, and then in the same breath they say: Cut the expenditures but not for this little thing for my riding. It is just like the old song we have in Quebec: Everyone wants to go to Heaven, but no-one wants to die!

**The Chairman:** Did that answer your question, senator?

**Senator Grosart:** No, not really. It hasn't answered my question, because we could apply the title of that song to government expenditures and turn it around by saying that with federal expenditures everybody wants you to save but they don't want to die. The reason I have raised it—and it is not a partisan thing—is because there is an apparent consensus among informed people that the continued high level and increases in federal government expenditures constitute one of our major problems in this country. Now what I am asking you is, are you saying that we have got to live with it; that there is nothing we can do; that we are going to have 16 per cent next year?

**Hon. Mr. Chrétien:** I would like to reply to that. I think that in government expenditures one of the problems with which I was faced the first year I was President of the Treasury Board, the last year of Mr Drury and when I finished my first year, it was not a matter of 24 or 26 per cent; there is a time lag, in any reaction. If you pass legislation that calls for expenditures, the costs come to the government about eighteen months later. So when you put on the brakes, you get the benefit of the brakes eighteen months later. It is the same thing.

**Senator Langlois:** You skid.

**Hon. Mr. Chrétien:** Yes, that is right. I cannot be too precise, but if I can hold on to the same type of policy, I will get the benefit of my action, not in the fiscal year 1976-77, but it is likely to drop substantially in 1977-78, unless the government decides to go on another spending program this year. But there is always this lag of time, and the benefits of my work I think has been quite substantial. I reduced it from 26 to 16 per cent. I was quite disappointed to be faced with 16 per cent for this next year coming, but I will get the benefit probably in 1977-78. Even if the government were to decide to spend it next fall, I will not be saddled with the costs, so that at the same time when I will come next year, I will predict to you senator that it will be well below 16 per cent.

**Senator Grosart:** Well, that is very good news, Mr. Minister.



**Hon. Mr. Chrétien:** But I do not want to say that outside of here, because the ministers will be running around like mad to see whether they can get more money.

**Senator Grosart:** May I put it to you this way: Could you say, then, that it is government policy to reduce progressively the high levels of increase in federal government spending?

**Hon. Mr. Chrétien:** Yes.

**Senator Grosart:** The high levels of increase. Is that present government policy?

**Hon. Mr. Chrétien:** Yes, it is present government policy.

**Senator Grosart:** Thank you. That is good news to all of us, and I don't think it has been said before.

**Hon. Mr. Chrétien:** Yes, but it is because we have to be realistic too. We do not know if there is going to be a disaster some place. We could be called upon to make very heavy expenditures. In 1972 I remember talking with people from Senator Mannign's province with regard to the policy on oil: they wanted to have a market to the east at \$3 a barrel or something like that, because they were to receive less from the Americans, or they could not sell enough to the Americans, and it was bang! from day one to day two. I have to pay tribute to Senator Manning who always has faith in the resources and developed very aggressive policies to get the resources out of their soil: but it was a hell of a bonanza, not of their doing, but just because they decided to use that as ammunition.

**Senator Grosart:** I will not get into that argument with you, Mr. Minister. I have one other question, because I know you have to go and other Senators will want to speak to you, and I will have some further questions for Mr. MacDonald. I might say that we welcome Mr. MacDonald back. We have missed you: not that your alternate did not do a good job, but we did miss you.

The other question is on these programs that were set up originally to carry on on an actuarial basis, such as OAS and unemployment insurance. Is it government policy to get them back as soon as possible on to an actuarial basis? By that I mean, to paying their way, so that they will not be a drain on the consolidated revenue fund?

**Hon. Mr. Chrétien:** I think that the policy of the government as far as it concerns the unemployment insurance scheme is that above a certain level of unemployment the rest is carried by the Crown. The employers and the employees pay up to . . .

**Senator Grosart:** It is over 4 per cent.

**Mr. MacDonald:** Six.

**Hon. Mr. Chrétien:** Under the amendments now.

**Mr. MacDonald:** It is more than four. It depends; it is a moving average.

**Hon. Mr. Chrétien:** But I think it is averaging around five-point-something.

**Senator Carter:** It is a floating average that varies in different parts of Canada.

**Hon. Mr. Chrétien:** Yes, but we take up the slack over that. That will save a lot of money to the treasury, I think. As for the Old Age Security plans this used to be a fund

that was taking in more than it was giving out, and it is no more like that; it is much more expensive than the revenue we are receiving, and now in these present Estimates that you will be studying soon for 1976-77 we have put the two funds together.

**Mr. MacDonald:** That is correct.

**Senator Grosart:** But there have been special reasons. After all, we have been in a recession for some years, and these deficits have been . . .

**Hon. Mr. Chrétien:** No, I disagree; we have not been in recession for some years. In the United States they have been in recession for twenty-seven months. In Canada we were neither in a recession nor in a progression; we were at zero growth, but I have to say that it was not a recession, because it is under zero that there is a recession.

**Senator Grosart:** Well, it is not for me to say I would not agree with you.

**Hon. Mr. Chrétien:** But it was not growth to make us happy.

**Senator Grosart:** Let us say we have had unusual times economically.

**Hon. Mr. Chrétien:** Yes, difficult times.

**Senator Grosart:** And it seems that these large deficits in these formerly actuarial programs are a function of those particular times. I think there are many who would hope that we are not just going to assume that we are going on forever theating these programs in an entirely different way—even the unemployment insurance program, whatever the percentage is over which the federal government is prepared to make a contribution. I would ask: Is it the intention to get them back, or are we going to live forever with these deficits?

**Hon. Mr. Chrétien:** No, because if there is a substantial growth in the economy, as we think there will be—we will have a real growth this year we hope in the nature of 4 or 5 percent—if we reduce substantially the unemployment situation, in fact if we can reduce it under 6 per cent, there will be no contribution to the unemployment insurance funds by the government. He speaks about the extended benefits, but it will be marginally a contribution.

**Senator Grosart:** Yes.

**Hon. Mr. Chrétien:** Of course, we hope to meet that situation some day. We do not want to be caught, of course, and I am sure the Minister of Finance does not want to be caught, with cash requirements of five to six billion dollars, such as he has faced this fiscal year. We hope to be in a better position in future years when the recovery will be felt.

**Senator Grosart:** The recovery from the non-recession!

**Hon. Mr. Chrétien:** From the non-recession. That is a good designation of the situation.

**Senator Carter:** I have two questions, on which I would like the Minister to comment. Going back into history, I remember in the old days, when Walter Harris was Minister of Finance, we were in an area of general prosperity, everything was booming. During those days we had surplus revenue, and this surplus revenue was used to reduce the public debt; it was reduced considerably from war days. We seem to have departed from that policy, and



instead of accumulating some surplus revenue, or reducing the debt, as we accumulated in prosperous days the extra revenue that you referred to if the economy recovers, we extended that into new programs. So we seem to have departed from the old, what I call prudent policy. It is like a poor province that spends a lot of money on roads when they have the money, and then cannot afford to maintain them afterwards. Why did we change that policy, or are we going to get back to it?

**Hon. Mr. Chrétien:** The other day I was looking at some statistics, and I was quite surprised to realize that of the total budget of the federal government we are not spending today more than, I think, fifteen years ago, for the national debt. It had been very constant over years and years and years. It is always about 12 per cent of the total budget of the government. Of course, you will say that the budget is growing bigger today than it was in those days, but this has been constant for fifteen years; we always manage to take about the same proportion of the federal budget for the management of the debt. The figures are frightening, when I see those big figures compared to those figures of today. We are not talking in the same dollars, because the dollar has lost a lot of its value, but if you look at the proportion of the budget, it is exactly the same. So it means that perhaps we could improve on that. I see no reason why we should not aim at it.

**The Chairman:** Just for our edification, what would the trend be in respect to percentage of the GNP?

**Hon. Mr. Chrétien:** Probably a bit higher, because it is in relation to the budget, and our budget is taking more of the GNP than in those days. So it would probably be higher, but it is surprising that it is not higher. It has been constant in terms of the budget. That is my answer.

**Senator Carter:** Yes, but isn't that kind of theory responsible for the situation we are in, because if we are always going to maintain the same percentage of an ever-increasing budget, we are never going to have anything to fall back on when bad times come? We know from experience that bad times are bound to come sooner or later.

**Hon. Mr. Chrétien:** Yes. One would call the last year a bad time, but not as bad as some thought it was. However, the credit of the Canadian Government is pretty good. We can find the money. One of the problems now is the Canadian dollar seems to be very attractive on the market, and some people in some types of industry, like in my own riding, the pulp & paper companies prefer to have a low dollar rather than a high dollar because they are in the export business.

**Senator Carter:** Coming back to inflation—which is the basis of the whole effort, we are trying to cut inflation—the federal spending is only one factor. It is the total spending, and the increase in provincial spending and municipal spending has been on a much greater scale than in the case of federal spending. When we see people make references to it in the press they just say “the government”. They don't say which government, but they say it in such a way that it is the federal government that must do all the cutting.

Now my question is this: Supposing the federal government did cut its increase in expenditures down to 12 per cent, within the guidelines, is there any assurance that it would not be offset by increased expenditure at the provincial level?

**Hon. Mr. Chrétien:** None at all. That will depend upon the kind of cuts that we bring about. Of course, just to take one example, if we had decided that the price of oil in Eastern Canada, in Ontario and across the land, should be whatever it is, because the price is \$8 in Ontario and so on, we would have been under 12 per cent, but this 12 per cent is for the revenue not for the spending. You have to keep that in mind. When you say that the people who are working cannot get more than 12 per cent in revenue, we have not put guidelines on the expenditures of any individuals; they can spend all the money they want. So we are not talking of the same thing. This cost of \$1.5 billion would have been taken by the consumers, either in this year or prior to it, but if we had decided, for example, that we were to cut \$1.5 billion out of transfer payments to the provinces, I am sure that the provinces would have been forced to raise money, and in some provinces, of course, there is no room for raising any money at all.

**Senator Grosart:** The municipalities are doing that now, where they are getting provincial cuts.

**Hon. Mr. Chrétien:** Yes.

**Senator Carter:** One further question, not altogether related to this, because the new estimates will be coming down soon...

**Hon. Mr. Chrétien:** Yes, they are out and they will be discussed.

**The Chairman:** They have been referred to the committee already.

**Senator Carter:** They have been, yes. This would make my question more in order. We have been searching around for ballpark figures, total figures, for government spending on information. We have done the same thing for government spending on science policy, trying to get some sort of concept of the whole spending picture. I would like to have the same type of ballpark figures for travelling expenses, and I wonder if you could get figures for the old Estimates and for the new Estimates, so that we could get some sort of idea how they compare?

**Hon. Mr. Chrétien:** I think that my staff will be noting that, and trying to provide you with the best information possible.

**The Chairman:** I wonder if I might ask in respect to that question: Have you any idea what it would cost to get that figure?

**Mr. MacDonald:** If I might answer, Mr. Chairman, what we would do, I think, in practical terms is that there are compilations made of the actual expenditures by each one of the standard objects of expenditure, and by breakdowns getting down to the travel of public servants. We would look, say, at two or three previous years and see if the relationship of travel to the total transportation and communication budget is pretty well standard, and assume that that would apply to the main Estimates in 1976-77. If we were to attempt to get that in prospect, you would have to do a survey of all departments, and they would have to examine their travel plans in some detail, and it would be rather costly.

**The Chairman:** What would you estimate the cost would be? Supposing there was a complete answer to Senator Carter's question, do you have any idea what it would cost the treasury or the public to provide that answer? It is just a matter of interest, because it was one of the things that

we ran into when we were examining Information Canada, that the public affairs budgets of various departments are not there, and when you try to isolate them, you are into a very difficult and expensive proposition. Indeed, nobody has ever been able to isolate them. But I wonder if you have an idea what it would cost to answer Senator Carter's question in full.

**Mr. MacDonald:** It would really make a difference as to whether you were planning to do this every year, and therefore arranged your accounts accordingly.

**The Chairman:** No, just to get an idea.

**Mr. MacDonald:** I would not be able to guess. I know what it costs us to do somewhat simpler jobs like to impose main year freezes and things of this nature. The figure would be in the thousands of dollars, but this would be a fairly enormous one because to be really accurate it should explore . . .

**Hon. Mr. Chrétien:** Is it \$100,000?

**Mr. MacDonald:** Oh yes.

**Hon. Mr. Chrétien:** All that?

**Mr. MacDonald:** Yes, I would think so. It would cost us \$100,000 because we would have to investigate all travel plans.

**Senator Grosart:** Why would it cost so much? Because you have a breakdown now of expenditures by standard objects, one of which is travelling. Why is it any more?

**Mr. MacDonald:** No, sir, we do not. We have a standard object called Transportation and Communications, which covers travel, the movement of mail, telephone, telegraph, courier everything of that nature. In the department in general, in making up their budgets, they assume certain growth relationships to prior years' expenditure figures, which is the sort of thing I was suggesting that we might be able to do here in providing estimates for 1976-77, but we could not guarantee their accuracy. If you wanted to guarantee their accuracy it would be an individual departmental calculation, division by division throughout the government.

**Senator Grosart:** But are you saying, Mr. MacDonald, that if you were to write a letter to each department and say: "Treasury Board wants to know how much you spent on travel last year," you could not get answers?

**Mr. MacDonald:** Excuse me, I misunderstood your question. I thought you were talking about what was to be spent next year.

**Senator Grosart:** Oh no, no.

**Mr. MacDonald:** There will be a statistical compilation. We had one for 1974-75—I am sorry, we had one for 1973-74 and probably for 1974-75. I am not too sure. But the 1975-76 one would be some months from now. But the historical data is compiled. I misunderstood your question, in talking about what was going to be spent in the future.

**Senator Grosart:** I think Senator Carter said he just wanted a global figure to indicate the position.

**The Chairman:** That would be reasonable.

**Senator Grosart:** Then do you have these breakdowns by similar types of categories? I am thinking of what you do in business: you say such-and-such a percentage is a

reasonable percentage for travel, or a reasonable one for entertainment, or a reasonable one for long-distance telephone calls. We all have to do that in business; that is the only way you can control your expenditures, to say "Is that a reasonable percentage?"

**Mr. MacDonald:** We would not have that, senator, because of the nature of the department. Essentially we make no long-distance telephone calls, at least in my office at the Treasury Board, because our contacts are in the city. If we were, however, in the market information branch of Agriculture, that would be an enormous budget, because there is no reasonable figure across the government for any particular expenditure.

**Senator Grosart:** But your comparisons would quickly give you an answer, because from the point of view of efficiency of an operation there are few things more important than checking on your telephone calls, because you know who is making telephone calls instead of writing letters, and then you find out the reason is that they are making telephone calls because they are getting behind.

**Hon. Mr. Chrétien:** But the point Mr. MacDonald is making is that we have such a varied operation that we cannot have a standard application. Treasury Board has no long-distance phone calls to make, so if we judge them by that standard they are doing very well, but in Market Information for Agriculture they have to call all over Canada daily to have the prices and so on, so their phone bills must be very high. But that does not mean that there is no way of trying to find out if we are spending more one year compared with the other in relation to transportation. That is probably what Senator Carter wants to know. He would probably like to know if there is a growth in that aspect of the operation. Probably we could in retrospect tell you what happened, say, last year and tell you what it was in the previous year, and you can make your comparison that way, but Mr. MacDonald could not produce, I think, a lot of expenses showing the breakdown in the estimates for next year, showing how much of it is going into travelling.

**Senator Manning:** I would like to come back for a moment, if I may, to this percentage. If I understand you correctly, Mr. Chrétien, you said that this is 16 per cent related to the total expenditures.

**Hon. Mr. Chrétien:** Of the previous year.

**Senator Manning:** Of the previous year. Does that include statutory expenditures?

**Hon. Mr. Chrétien:** Everything.

**Senator Manning:** And capital supplementary estimates?

**Hon. Mr. Chrétien:** Everything. This is the new approach that I am trying to develop to get the exact picture. We used to have separate accounts for the Old Age Security system and so on, but I have put everything in. When we table the Blue Book we don't tell you the total story, because there are two or three Supps. being studied during the year. So for the first time last year when I tabled my Blue Book I said: Next year I intend to try to keep the Supps. to \$2.5 billion rather than the previous year when it was \$3.5 billion, and that will give a picture of sixteen, total expenditures to total expenditures. For next year I have set for myself an even more difficult target, because I have allocated only \$1.5 billion for the Supps.,



and here I am sticking my neck out a little further, and there is no statutory obligation for me to do this, but I want all the ministers and the public to know what we are up to, because it could be very misleading to table a set of Blue Books and end up in the year with the Blue Book plus \$4 billion or \$3.7 billion. So I asked my staff to help me to be more precise and try to give the total picture. Perhaps some day I will put my foot on a banana peel; perhaps it may develop into that, but I try to be as open as possible. Now my \$1.5 million of Supps for next year, I am a bit nervous about it because I think that perhaps I am stretching my luck.

**Senator Manning:** I do think it would be helpful if that information was made clear to the public, because, as you know, there has been a great deal of controversy over this 16 per cent figure, and a large section of the public seems to assume it does not include such items as statutory capital expenditures.

**Hon. Mr. Chrétien:** It is amazing how people can be misled by all that because, for example, you probably read the speech by Mr. Malone, the editor of the *Globe & Mail*.

**The Chairman:** One could not help reading it; it was reported eight times in the *Globe & Mail*!

**Hon. Mr. Chrétien:** I am replying to him today. It is unbelievable the kind of mistakes he made in that speech. He was probably in good faith—I presume he was; but I am replying to him with a long letter of seventeen pages. It is going to be a little bit tough, and I am a bit embarrassed by that because it did create a little problem for me less than a week ago, or a week ago today. Of course, I was happy to receive a nice little letter from Mr. Justice MacKay...

**Senator Grosart:** You are sleeping nights now!

**Hon. Mr. Chrétien:** Yes, but I don't want to get involved in that debate now. However, this long letter will be arriving at a time when—it is not in retaliation at all because I met him about ten days ago and I said, "Wait for my letter, I will reply to you." But there is a misconception about the 16 per cent, the 19 per cent, the Blue Book, the total budget and so on, and I want to develop a system where you will have the total picture, because the Blue Book alone is very misleading. In fact, last year Blue Book to Blue Book it was 24 per cent, but I said: Blue Book to Blue Book is only one aspect of it; the total will be 16 per cent. How I did it, I said: \$3.5 billion of Supps., I will reduce it to \$2.5 billion. That is why it was reduced that much.

**The Chairman:** We have a report that you said that the total expenditures for the 1975-76 fiscal year would be \$36.5 billion.

**Hon. Mr. Chrétien:** Yes, and I have seen in your book thirty-two.

**The Chairman:** Thirty-two. Why is that?

**Hon. Mr. Chrétien:** It is because the Old Age Security is not included, and next year it will be included.

**The Chairman:** They were your comparisons.

**Hon. Mr. Chrétien:** This is the kind of misconception it is thirty-two in this book, but the Old Age Security system is not included: it is a special fund. There are a couple of non-budgetary items that cannot be included in the Blue Book. Can you give some explanation?

**Mr. MacDonald:** There is the National Housing Act. There are four or five major lending corporations of the government, whose acts provide for statutory authority for loans and advances. These are not included at this stage in the main estimates. It is our fervent hope to provide them in 1977-78 main estimates as a matter of information.

**Hon. Mr. Chrétien:** Because we have to change the act; but we had to do it for Old Age Security.

**Senator Carter:** That did mean that in percentage terms your total now is 16 per cent?

**Hon. Mr. Chrétien:** Yes.

**Senator Carter:** But if you had left out these things you are talking about, old age pensions and so forth, what would be the corresponding percentage?

**Hon. Mr. Chrétien:** I have not tried to include that.

**The Chairman:** You mean, if you put them in?

**Hon. Mr. Chrétien:** No, if you leave them out.

**Senator Carter:** No, he said he is including them next year in the Blue Book.

**The Chairman:** He has not got them in this year; he has got them in next year.

**Senator Carter:** They will be in next year?

**Hon. Mr. Chrétien:** Yes.

**Senator Carter:** But they are in the 16 per cent?

**Hon. Mr. Chrétien:** Yes.

**Senator Grosart:** Have we brought the unemployment insurance deficit into current expenditures?

**Hon. Mr. Chrétien:** No.

**Senator Grosart:** Is it the intention to do so?

**Hon. Mr. Chrétien:** No, and one of the reason is that...

**Senator Grosart:** You don't want to estimate it?

**Hon. Mr. Chrétien:** It is difficult: the government does not want to be forced, in fact, to try to be precise about it.

**Senator Manning:** Mr. Chairman, I think the minister is to be congratulated on trying to get these revenue comparisons on a basis which is simplified and can be understood by the public, but I stress the importance of getting this information directly to the public. For example, your seventeen-page letter is never going to get to the man in the street. It may answer the criticism of the man who writes to you, but it is not going to be understood or even conveyed to the man in the street.

**Hon. Mr. Chrétien:** I do not know if you have read "How your Tax Dollar Is Spent"?

**Senator Grosart:** Yes.

**Hon. Mr. Chrétien:** We have tried to make it as simple as possible, and give the maximum of information, but this is very dangerous. For example, we were trapped into one of the—we grouped the expenditures and for example we had a heading "Consultants" and it was \$1 billion. For years we were accused of hiring engineers and architects and lawyers and people who were referred to as if they were all our political friends and so on, when in fact most of that



money was the fee we paid to the provincial government to train our people in the schools at night, the Adult Training Program. So when you simplify too much, this is the kind of trap you find yourself in, and after that there is no way you can get out of it. There are speeches after speeches saying: "Look at those crazy drunken sailors, who will spend a billion dollars on their friends, consultants", and so on. It is not true, but they call it political debate.

**Senator Langlois:** "Consultants", then, Mr. Minister, was a misnomer. Could you have changed that?

**Hon. Mr. Chrétien:** We had to change it, but this is the kind of thing that happens when you try to simplify a thing and make it a complete picture, sometimes you are stuck with a problem of that nature. So it is difficult to make it very simple and not be trapped in too much simplification, and, of course, when you get too technical, nobody reads it.

**Senator Manning:** Mr. Chairman, the reason I am raising this point, just coming back to what was raised by Senator Grosart, is that there is a widespread opinion across Canada that government expenditures at all levels are far too high, and they are increasing much too rapidly. I think the great problem that the federal government and the provincial governments have in combating that is that the public is not informed on many of these things that we are talking about now. Their attitude, therefore, towards government expenditures, as you said a moment ago, is that they are crying to have them reduced, on the one hand, but they admonish, "Don't touch anything that affects us!" I wonder if it is not true that in the size of government expenditures today there can develop within the government departments a philosophy to give attention to small expenditures—I am talking about matters of a few million dollars perhaps—to give attention to those things as rather trivial because they are small in relation to the total expenditures, and as a result these small expenditures, many of which are perhaps unnecessary and could be eliminated without seriously or adversely affecting many people, are not attended to for the simple reason that they are treated as minor, and yet so often these are the things which are close to the rank and file of people. People see these expenditures and say: "Well, if the government can spend two or three million dollars on this, which they think is not important, then why should I restrain myself?" I really think that we are overlooking the seriousness of the psychological aspect of coping with the smaller expenditures and trying to eliminate those. The natural tendency is, of course, to zero in on the great big one. As you say, you can cut a billion out of the budget by doing away with, say, subsidizing oil perhaps. That is big, but at the same time I am convinced, and I am sure a great many Canadians are convinced, that we are wasting, at both the provincial and federal levels, millions of dollars a year on little antiquated programs many of which were born years ago and have grown and just gone on and on. Yet the elimination of those, I think, would do a great deal to make the man on the street feel that there was a concerted effort on the part of the government to cut our unnecessary, wasteful, expenditure, which he does not think is the case today.

**Hon. Mr. Chrétien:** I agree entirely, Senator Manning. I think this is one of the problems. In the field some people do crazy things and that can easily become the talk of the town. That crazy move by bureaucrats is seen as foolish spending. The problem is this. I was talking to another committee about that kind of problem. Already we are

dealing with six thousand submissions to the Treasury Board every year, and if the pre-Glassco system of control were to be in place today, we would be dealing with seventy-five thousand submissions to the Treasury Board, because the budget went from \$6 billion to \$42 billion for our complete total, but what I am trying to do, and I find it is getting probably quite effective: now, whenever a Minister comes to me with any new idea—you know, I am known as "Mr. No" around town, and I am quite proud of it...

**Senator Langlois:** "Mr. Niet".

**Hon. Mr. Chrétien:** "Mr. Niet", yes. I say, "Okay, find the money within your budget!" and it is amazing when the guys believe in something and they want it very badly, and that makes sense, of course, if I agree to something, they always manage to squeeze within their budget, their own budget, enough money to do the things. It is probably because before there was some fat around, and now I am giving them the incentive to burn the fat. We have heard stories that a lot of little things have been abandoned by departments because they needed the money. Before there was no such pressure. We are applying those brakes. I am telling you that I hope to have the benefit of my work in the next fiscal year, but we have found that we have been able to accept new orientation within programs that were costing some money and that were making sense. Off and on we manage to receive the answer a week later from the department saying: "Okay, we are going ahead and we have found the money", and they find the money from that kind of little things that were happening, that were foolish. You speak about symbolic things; we have done some symbolic things, for example, we have said to the bureaucrats: No more first class travelling. Of course, it is not that much money, and it was just the higher echelon that could use first class travel.

**Senator Manning:** They took two extra along with them in economy, so the total bill is the same.

**Hon. Mr. Chrétien:** We have frozen their salaries, and the MP's salaries, and the senators' salaries. You know there is no money in that really, but it is very symbolic. I think that the good senators and MP's are not very well paid. For the bad ones it is too much; for the good ones it is not enough. My own deputy minister and Mr. MacDonald, I can testify that they are underpaid, very much underpaid compared with the private sector, because they are damn good and they keep me out of hot water, and it is a hell of a job. This is the kind of thing: we had to do some symbolic things like that; no new cars for this year; no new furniture for this year.

**Senator Langlois:** What about new buses?

**Hon. Mr. Chrétien:** I have no control over it; it is the Speaker of the House and the Speaker of the Senate who decided those things. It is one area where I am in a very difficult position. It is amazing: the same people who are arguing that we should cut them off are the ones who get the new rug every year, but it is within the building here.

**Senator Manning:** Mr. Chairman, regarding what the minister has said about the departments being able to find money for new programs by, on their own, eliminating less important programs, I think that is a very commendable pressure to keep on the departments, but it does establish the point that that fat is in the department, and it is only being squeezed out when the department itself finally moves because it is told, "You cannot have any more

money for new programs!" Surely, it is possible to go further than that and require these departments to catalogue all of the programs they have, and the order of priority—to say, if they have to eliminate any, which is the first one they would cut out. If that could be done, it would be a good thing. I realize the magnitude of it in a government of the size of the national government, but I think it could be done. I think you would find you could knock the bottom half dozen programs off every department and nobody would ever miss them.

**Hon. Mr. Chrétien:** Yes, and we have done that. In July, because of increased costs and so on, I knew that I would not make it by the end of the year with my 16 per cent and in July I cut a billion dollars. You will remember it was announced in Mr. Turner's budget. For this present fiscal year I had, from the agreed programs, to cut off another \$1.5 billion. So I did it twice in the same year, and it is not pleasant but I found that the only way to do it is on a bilateral basis: to call every department in and mostly at the ministerial level. I think that we have been able to eliminate some programs, ones that were less useful, some were seen and some were destroyed internally; some pet programs of some bureaucrats and so on have been eliminated through that process. Of course, it is very, very, very difficult to get from the department, because there is no incentive for Ministers and for bureaucrats to cut anything. I am the only one who has an incentive to do it. The rest are judged by their effectiveness to get money out of the Treasury. This is one of the problems: we have not found a system by which we give an incentive to people to do it. Now really, Senator Manning, I do not think it is very easy to get co-operation. When you go to a department and say: You know, we have to cut. I will bet you any money that the things that the bureaucrats will suggest be cut will be something that Parliament will never accept. It is very, very difficult. When I was minister responsible for Parks Canada, and I was trying to squeeze them, where there was squeezing it was always on the national parks in my area. All the time! All the time! That is the kind of thing they produce. "Oh yes, we do not have to connect the panoramic roads that exist in the park of La Mauricie. It is not a priority for us." They knew darn well it was a priority for me, but they never suggested anything else. They all do that. If you have a Minister of Agriculture who has come from Windsor, if there is an experimental farm in Windsor this is the one that we can dispense with. It is always like that. We have to say: "Come on boys". There are some games being played there, and you don't have the same priorities as others. It is amazing. I can predict—I know I cannot comment on the record, but I will tell you every department, what they will propose to do and it is always in the area of their minister that they will never cut. We have to be realistic about it for political reasons. Always they know what is hurting the political elements of the society, and if you propose to close anything it is always in the wrong place. If one place is already in trouble, they will propose to cut there, so they know very well that we will not cut in an area that is in trouble. I have sixteen per cent unemployed in my riding. Supposing I had a military base in my riding, I will bet you, senator, that it would be the first on the agenda.

**Senator Manning:** I was a finance minister for ten years and I know exactly how you feel. There was one comment the minister made a few moments ago, Mr. Chairman, which was, to me at least, disturbing under the present national conditions, and yet I quite appreciate it is the case today, where you said there is not the incentive for minis-

ters heading departments to make these economies because their performance is measured by what they spend rather than by what they save. I would suggest that in the light of the general attitude across Canada today that is a misjudgment on their part. I believe that today the performance of ministers would be measured by the Canadian people more by intelligent economies than by unnecessary expenditures.

**Hon. Mr. Chrétien:** I agree entirely with you, senator. I feel more popular in the land today than I felt two years ago, and I have no doubt about it.

**Senator Carter:** In your own riding too?

**Hon. Mr. Chrétien:** Yes.

**Senator Langlois:** There have been few cuts there.

**Hon. Mr. Chrétien:** But I have to tell you, senator, that perhaps sometimes I am a bit too relaxed in testifying before committees. I have found within the ministries that when, in December, I had to cut \$1.5 billion, if I can be candid here, I was asked for less than that, a little bit, because nobody thought that I could go that high, and I got in fact \$1.6 billion, I think.

**Mr. MacDonald:** \$1.7 billion.

**Hon. Mr. Chrétien:** Close to \$1.7 billion. I was amazed by the, not easy, result; the kind of thing I would say to a minister was, "Let's make a deal. You cut \$50 million, and if you make no deal I will suggest to the cabinet to cut you by \$100 million". So I made that kind of offer. Some took the gamble to go to the cabinet and others settled, and I must say that it was settled by the cabinet in only two cases; the rest came to terms with their friend Jean!

**Senator Grosart:** Mr. Minister, would you say that the very high level of \$1 transfer in the Supps., twenty-seven items, is the result of this squeeze?

**Hon. Mr. Chrétien:** Partly.

**Senator Grosart:** Largely? Twenty-seven is a very high level of transfer items, \$1 transfer items.

**Hon. Mr. Chrétien:** The pressure is on the department, there is no doubt about it.

**Senator Grosart:** So, when the pressure is on they can find the money?

**Hon. Mr. Chrétien:** Yes. Some ministers tell me that they do not even bother any more to send submissions to the Treasury Board. In fact, Mr. MacDonald feels that he is under-employed compared to the previous years.

**Senator Grosart:** I just suggested it is interesting if we have this very clear evidence, which we seem to have in these twenty-seven transfer items, that they can find them, that they are not all delays, and some of them may be delays for this purpose.

**The Chairman:** Are there any further questions for the Minister?

Well, Mr. Minister, we thank you for what I think the committee would describe as "a vintage performance." Thank you very much.

**Senator Grosart:** Mr. Chairman, can I add from another side that I think the minister has suggested that he is sometimes concerned about his frankness, but may I sug-



gest to him that his replies to our questions and other comments are the most refreshing that I have heard in a long time.

**The Chairman:** Hear, hear.

**Hon. Mr. Chrétien:** Thank you, senator.

**The Chairman:** Senator Manning, you had questions for Mr. MacDonald?

**Senator Manning:** I have a couple. On page 2 of the statement which the minister read, is the \$114 million to cover the deficit in the Old Age Security program? Is that due to the effect of indexing?

**Mr. MacDonald:** Yes, it is due to indexing.

**Senator Manning:** Just below that there is \$40 million to compensate the railways for unprofitable services, and below that \$35 million for the deficit of the CN. Is there a relationship between these? Does the CN share in this deficit subsidy in addition to the \$35 million?

**Mr. MacDonald:** Yes. The first item, Senator, is the unprofitable branch lines, and over and above that under the legislation governing the CNR, the CNR is not allowed to capitalize or fund its deficit if there is a deficit. It is not a statutory item, but it is the next thing to it, because there is no other provision under its legislation.

**Senator Manning:** The \$40 million is both the CN and CP, and the smaller one for the CN is \$35 million over and above that?

**Mr. MacDonald:** Yes, that is correct.

**The Chairman:** Mr. MacDonald, there is an item in here for \$23 million which is for the forgiveness of an old loan to Romania. On what basis do you bring those particular accounts forward?

**Mr. MacDonald:** Mr. Chairman, when collection is considered to be impossible—this is a loan that followed the First World War, and I believe we have been able to realize on part of it, \$1.4 million. It is now considered that that is all we are ever going to achieve, and agreement has been reached with the Government of Romania, and this is, as it were, the implementation of the agreement, to forgive the rest of the loan.

**The Chairman:** I realize that. I am less interested in the facts of the loan, but more interested in the criteria that you use to determine when these items—that are, I suppose, largely receivable on the country's balance sheet—are written off.

**Mr. MacDonald:** Mr. Chairman, attempts to recover on these loans are going on all the time. When the best agreement is reached that it is thought it is possible can be reached, then the remainder is put forward to Parliament to be written off. There are not essentially any criteria. It is just where some measure of success has been achieved and no further success is expected that it is written off.

**The Chairman:** In business, when faced with a receivable that is perhaps shaky, the first move would be to reserve the receivable, and then, when one was assured that it was totally uncollectible, you would write off against the reserve. I wonder, do you keep any listing of these sorts of items that are in parlous condition and may be written off?

**Mr. MacDonald:** I am not familiar with all the details of the public accounts, but I believe it is not done in that way. There is a general reserve of something like \$500 million which was established quite some time ago, and there are a few loans to Crown Corporations which are identified as requiring appropriations, but other loans are not categorized as to their collectibility.

**Senator Langlois:** Mr. Chairman, coming back to this loan to Romania, does this \$23 million include any interest, or is it capital?

**Mr. MacDonald:** I would have to determine that. I think it does include some interest. I think at one point the interest was suspended, but it did include some interest.

**The Chairman:** Would the write-off be made because it is a good time to make a write-off?

**Mr. MacDonald:** No, as I understand it, Mr. Chairman, it is just that this process of, as I say, attempting to regain something on these debts goes on, and when an agreement is reached with a country which is indebted to Canada, then at the next convenient Estimates or Supplementary Estimates, Parliament would be asked to write off the uncollectible portion.

**The Chairman:** Who would make that recommendation?

**Mr. MacDonald:** There is a Department of Finance through which the negotiations are carried on.

**Senator Carter:** Apparently, these are long-term loans, you say going way back to the First World War?

**Mr. MacDonald:** It was actually some war material that would be useful in peacetime in the recovery of Romania after the First World War. That was essentially left there and charged to the Government of Romania.

**Senator Carter:** Yes. I was interested in the general principle. You take a loan that was given, say, in Canadian dollars forty or fifty years ago at the end of the First World War when the Canadian dollar was high. Other currency would then be low. In the intervening years our dollar has depreciated possibly 60 or 70 per cent, but the other currency could have appreciated. Assuming we could collect, is there no allowance made for change in currencies during the period? In other words, they pay us back in Canadian dollars even though the dollar that we get back hasn't any value compared to the dollar we loaned, or it has only about 10 or 15 per cent of the value of the dollar that we loaned.

**Mr. MacDonald:** There may be some circumstances in which there would be loans made on other than the face value of the dollar, but in cases such as this there would be no adjustments made for changes in the value of currency over time.

**Senator Grosart:** Of course, that would apply to any loan, whether it was a mortgage or an instalment payment.

**The Chairman:** Yes, it would depend presumably upon how the loan was denominated in the first place.

**Mr. MacDonald:** Mr. Chairman, there are some international transactions where it is required that they pay the equivalent in some other currency, but in general it is Canadian dollars; simply that, without any change.

**Senator Carter:** You mean, those are the terms in which we usually make our loans?



**Mr. MacDonald:** Yes.

**Senator Carter:** And in a case like this where you say it is uncollectible, and that is collectable in dollars, could we collect, say, in kind? Is there something with which they want to repay us in kind? Do we make any inquiries as to that?

**Mr. MacDonald:** I think, Mr. Chairman, given the length of time that this has remained on the books, I imagine that every effort has been made. I think I do recall that in the case of a loan to another government, we took property in their capital city for an embassy as a partial settlement of the loan. So that efforts of that kind are made.

**Senator Langlois:** Was this in Italy?

**Mr. MacDonald:** I forget whether it was Italy or Greece.

**Senator Langlois:** We have property in Italy, which we had to choose, and we will not be able to use it in fact.

**Senator Grosart:** It is a bad debt. You have decided it is a bad debt and that is the end of it.

**Mr. MacDonald:** You can carry it forever, or attempt to have the books reflect the more accurate picture of what the true assets are.

**Senator Grosart:** You just reclassified a receivable as a bad debt. That is all it is.

**Mr. MacDonald:** Yes.

**Senator Grosart:** Just staying for the moment with the minister's statement—then I hope we can go to the \$1 items, and then to the book—on page 2, the second item, \$114 million to cover the final deficit, what was the total deficit on the OAS last year?

**Mr. MacDonald:** I could ask one of my colleagues to look it up in the public accounts. You are talking about for the year 1975-76 or 1974-75?

**Senator Grosart:** The year to which this subsidy applies.

**Mr. MacDonald:** This \$114 million is the whole deficit.

**Senator Grosart:** The whole deficit? Why is the word "final" in here?

**Mr. MacDonald:** Because, senator, if you will recall, the legislation that was introduced to terminate the Old Age Security account as a separate account in the Accounts of Canada provided that the payments under the Old Age Security account will in future years appear as normal budgetary items of a statutory nature, like Family Allowances, without being charged to a separate account.

**Senator Grosart:** Oh, I see. The "final" refers to the change in the book-keeping?

**Mr. MacDonald:** That is correct.

**Senator Grosart:** There is an item a little further down, "\$35 million for the deficit of the CNR." When I look this up, and it is at page 122, I find the operating revenue or the operating income—that is, the excess of revenue over expenses—was \$43 million, and other income of \$18 million, giving, to me, a gross operating income of \$61 million. So at this point they are ahead of the game. The deficit is caused by interest on debt of \$96 million.

**Mr. MacDonald:** Yes.

**Senator Grosart:** Do you know, Mr. MacDonald, if there is any consideration being given to adjusting this, so that the CNR will be in a better actual position in its financial statement?

**Mr. MacDonald:** Mr. Chairman, I do not know if there is any active consideration now. I know the question has arisen several times in my memory about a financial restructuring of the CNR to eliminate this, but at least to my knowledge it is not under active consideration at the present time.

**Senator Grosart:** Could you make a guess as to how far back this debt goes?

**Mr. MacDonald:** I understand some of it is the basic restructuring of the Canadian railways, the Grand Trunk and that type of thing.

**The Chairman:** I have to differ with you. When Donald Gordon went in, as I recall it, he did get a restructuring of the original debt. It started with him.

**Senator Grosart:** This was a partial restructuring?

**The Chairman:** Yes, it was partial, but it was substantial. Substantially the debt was set aside at that time, and that has built up from that time, which is really quite incredible.

**Senator Grosart:** I do not think the whole of it has.

**The Chairman:** No, but the bulk of it has.

**Senator Grosart:** It would be interesting, Mr. Chairman, if we could find out just what is the situation there. In other words, what percentage of that debt is due to the public interest aspects of this, where it was necessary to put together railways which were not functioning, and, secondly, the degree to which the CNR finances are affected by statutory requirements that the CNR and CPR continue to carry on losing operations, which they would like to close. I know the figures are available.

**Mr. MacDonald:** Well, Mr. Chairman, there are, as you know, there are payments under other various headings like deficits from the operation of ferries and support for the operation of unprofitable branch lines, that type of thing where the railways are in part compensated for these, and then there are claims by the railways, not necessarily accepted to the government, as to other costs that they incur. To get an accurate picture on this, you would really have to go to the Department of Transport. It is somewhat beyond our depth.

**Senator Grosart:** Or better still, ask CNR. You might want to ask them both. The interesting thing is that under the Transport supps before us there is a fantastic number of deficits for transport operations.

**Mr. MacDonald:** That is correct.

**Senator Grosart:** Which raises the question whether in Canada we are managing our transport problems as well as we should. The government has to keep moving in, paying deficits over and over again for everything from ferries to pilotage. When we look at the transport record we find deficits for ferry services, pilotage services, airport and associated ground services—that, perhaps, does not come in the same category—and so on. It is a fantastic problem. When you come to the Canadian Transport Commission, on page 124, there is an item of \$40 million and the only description is "Regulatory Control." However, perhaps we

will come to that when we go through the estimates department by department. That is all I have to say, Mr. Chairman, on the minister's statement.

**The Chairman:** Are there any further questions on the minister's statement? Are there any questions on the \$1 items?

**Senator Yuzyk:** Mr. Chairman, I have been away for a short while, and if these questions have already been answered, that is fine. I refer to Manpower and immigration, vote 5b, "To authorize a transfer to this vote of \$10,866,999." There is provision here of \$1,700,000 for the purchase of language training for Chilean and Vietnamese refugees. I was not aware that there was such a program. How many people does that item involve?

**Mr. MacDonald:** I would not be able to give you those details from the information we have with us, but we could obtain that for you. It would be payments to the provinces for the provision of language training for immigrants. We could attempt to find that out. You may recall that these are refugee cases, not planned immigration where it was possible for the immigrants to have looked ahead and taken some form of advanced language training. It is something in the nature of an emergency program.

**Senator Yuzyk:** I can understand that. I think it is very important, but I would like to have some idea of how many people are involved in this program.

**Mr. MacDonald:** We will get that information for you.

**The Chairman:** From where was that transferred?

**Mr. MacDonald:** From vote 10, the Department of Manpower and Immigration.

**The Chairman:** What programs?

**Mr. MacDonald:** These are allowance payments, which are not going to be as high as expected.

**The Chairman:** These are training allowances under the AOT, and from purchases from the provinces?

**Mr. MacDonald:** Yes.

**Senator Yuzyk:** My next question concerns the Department of the Secretary of State, National Museums of Canada, vote 90b. That is a transfer to this vote of \$999,999.

The explanation is that "Additional funds are required to provide for the cost of 38 additional man-years for the corporation's own security force..." That is a large increase. Does not the National Museums of Canada have its own security force? What would require such a large addition of 38 additional man-years?

**Mr. MacDonald:** Mr. Chairman, until approximately a year or so ago, rather than retain their own security forces, the museums hired people from security agencies. The museums have represented that the quality of the security officers they were getting was not sufficiently high, given the difficulties they were having with vandalism. There was even some suggestion that some of the security officers were the vandals. There was also the difficulty of providing a bilingual service, particularly in the national capital, and the Treasury Board approved their converting from contract security officers to officers on the staff of the museums. This plan was to take approximately three years. There was some doubt that they would be able to proceed at the rate they had envisaged in hiring and

replacing the contract officers. They have been more successful than we thought they would be. The 38, as it were, represents an advance on the plan. But it is not more security officers; it is a replacement of contract security officers by Public Service employees.

**Senator Yuzyk:** Has that been completed? They still do not have their own security forces?

**Mr. MacDonald:** It is not a fully complete service. I believe it will take another year. I believe we will be going into our third year with this development.

**Senator Yuzyk:** My next question concerns National Revenue, vote 5b, to authorize the deletion of certain debts totalling almost \$8 million. That is to delete 453 uncollectible debts.

With regard to income tax, I was caught only once and had to pay up right away. I did not realize that we had so many uncollectible debts. Why are they uncollectible?

**Senator Grosart:** People die.

**Senator Yuzyk:** That could be so.

**The Chairman:** We have inquired into this a number of times. It is an interesting item. We found each time that they were legitimately uncollectible.

**Mr. MacDonald:** We went through a list item by item.

**Senator Grosart:** If the honourable senator will look at Veterans Affairs, he will see some obvious explanations in some cases. They are there for obvious reasons.

**Mr. MacDonald:** If I may elucidate, the reasons fall under the headings of deceased where there is no estate. The amount is so small that it really does not justify further expense in attempting to collect. The taxpayer who owes the money is no longer resident in Canada. A number of corporations are inactive and without assets, and there are a number of undischarged bankruptcies and no assets.

**Senator Yuzyk:** Is this a large sum, compared with previous years?

**Mr. MacDonald:** It seems to be typical. It is in the millions every year, usually in these final supplementary estimates. It probably has to be related to several million individual taxpayers and many corporate taxpayers.

**The Chairman:** Are there any further questions?

**Senator Grosart:** Going through the White Paper schedules, I would start at page A-2, to illustrate a rather general question. This is Justice, vote 1b. Under the heading "Source of Funds" it states:

Funds are available due to reductions in grants and contributions.

That is a little more information than I find at page 68 of supplementary estimates (B) where it merely states:

Less: Funds available in previous Estimates . . .

Are the actual grants and contributions which are reduced listed in the public accounts?

**Mr. MacDonald:** I do not have volume II of the public accounts, senator. As you are aware, the estimates specify the grants, and that specification is not carried into the public accounts. From the public accounts alone, you could not tell which particular grant had gone unpaid.



**Senator Grosart:** If someone were interested in assessing decisions not to go ahead with expenditures approved by Parliament, where would one find that information overall? If I wanted to find out, for example, what constituencies had votes not proceeded with, what particular areas or regions have not had votes proceeded with, where would I find that information?

**Mr. MacDonald:** Once again, I think it would require a special inquiry department by department, item by item. It is likely in the case of a grant that the circumstances which call for the payment of the grant have not arisen. There is a rather famous item that we have carried many times, which is a grant to Massey Hall.

**Senator Grosart:** It is in here again twice.

**Mr. MacDonald:** It depends on an agreement with other levels of government. It is not a deliberate saving. I think in the nature of things, grants and contributions, where they are used through these transfers, in many cases, at least, it is taking advantage of the fact that the payment was not required to be made. Therefore, rather than seek additional funds from Parliament by way of estimates, they are dealt with in this way.

**The Chairman:** If I may interject, it does raise a worrisome fact, which I think has been mentioned before in this committee, that being that very often what you are doing is delaying projects of a capital nature in order to undertake expenditures of an income nature. There is a substantial number this year.

**Mr. MacDonald:** I believe I am correct in saying that the grant to Massey Hall does not appear in the 1976-77 main estimates.

**The Chairman:** Looking at Public Works, for example, it states:

Funds are available due to unforeseen delays in construction projects.

That occurs quite frequently in supplementary estimates (B), and presumably those are capital items that are going ahead. If that is all the ministers can find when the pressure is put on them, then it is really a dangerous situation.

**Mr. MacDonald:** In the case of public works, Mr. Chairman, there would be at least a partial reflection in here of the pressures that have been put on public service growth. The public service growth for this fiscal year, as reflected in the main estimates, was expected to be in the order of 4.5 per cent, and we were projecting future years' growth at a comparable rate.

The decision that was taken in the course of this fiscal year to freeze part of the allocation resulted in an effective growth of 3.1 per cent, and the subsequent decision to hold the growth into the next year to 1.5 per cent has changed the building plans of the Department of Public Works. So that the unforeseen delays are not by any means of projects that may be expected to go ahead. They are projects which are not going ahead next year or even the year after.

**The Chairman:** Would it not be a good idea to put that in, then?

**Senator Grosart:** Mr. Chairman, may I just run through them very quickly? I have 13 marked. First of all, on page A-1, under External Affairs, it states:

Funds are available due to a delay in the acquisition of a site for the new chancery in Washington.

**Mr. MacDonald:** If I may, I believe that was a deliberate decision of the department to live within its budget by delaying that project. I think the fact that an expenditure is delayed is not in itself bad, if I may put it in those terms, because the department has a budget and is constantly making choices. I assume in the case of the Department of External Affairs, it was considered desirable to have a better chancery or a different chancery.

**The Chairman:** I am not arguing about the delay as such. What I find perturbing is delaying capital projects in order to make income expenditures.

**Senator Grosart:** The money is still being spent. The government could delay all capital expenditures and say it had cut the budget in half, or cut the budget substantially. That is why I wanted to run through these to indicate for the record the nature of them.

On page 4, for example, National Health and Welfare:

Revisions to two capital projects originally scheduled for construction in 1975-76 have forced deferment...

If you wish to comment, Mr. MacDonald, as I go along, please feel free to do so.

**Mr. MacDonald:** I think in most cases, it is true to say, the capital budget for the year 1975-76 was a fairly lean one to begin with. In terms of the 1974-75 capital budget, the increase would not be enough to cover the higher cost of construction. In a sense, the advantage of capital expenditures is that they can be deferred. There is that option. One can constantly go on living in difficult conditions, say, at the RCMP detachment. If a department is forced, for a period of time, to live within a constrained budget, particularly when the notice of such constraint is rather short, such as was the case in June of last year, then it has to look to capital construction projects.

**Senator Manning:** Is there any forecasting done to establish the increased ultimate cost to the government of these deferred capital expenditures because of rapidly rising construction costs? It has been pointed out that if the government diverts capital expenditures, diverting that money to some expenditure item, the money is expended. Are there any figures available as to how much it is costing the taxpayers of Canada to defer capital projects that will eventually have to be undertaken?

**Mr. MacDonald:** No, senator, there are no such figures.

**The Chairman:** Following on from what the minister said, I should think you would be concerned, in placing constraints on various departments, that when they want more money for a project, that they cut a current expenditure rather than a capital expenditure, for the very good reasons that both Senator Manning and Senator Grosart have brought up.

**Senator Grosart:** I think as I go through and indicate what they are, this will become evident. These deal with capital projects that have been revised, so that is a straight delay. Obviously, when the revision is through, that money will be spent. There is another one at the bottom of the page, where funds are available due to unforeseen delays in construction projects. This is in Public Works.



On page 5 there is a delay, and that is the Massey Hall delay.

On page 6, the Solicitor General, funds available because of unforeseen delays in the penitentiary service construction program. We seem to be getting this all the way.

In Transport, funds are available because of delays in construction of port and ferry terminal modifications at Port aux Basques.

On page 7, the Transport and National Harbours Board, funds are available due to the deferral of bridge repainting until 1976.

**Mr. MacDonald:** May I comment on that one?

The National Harbours Board—the bridge repainting is the Jacques Cartier Bridge. This is a deliberate choice, I believe, on the part of the Treasury Board, to defer that painting until after the Olympics to provide additional employment. That is a planned deferment.

**Senator Grosart:** The money will be spent next year because it says “delayed until 1976”.

**Mr. MacDonald:** I agree, senator. If I may explain—or I could do it after you are through with your list—you have to appreciate the circumstances of the budget of last year, where departments were not allowed, for essential operating purposes, sufficient funds to cover the cost of inflation. In fact, to begin with, in drawing up the estimates for 1975-76 the Treasury Board was less than generous with the departmental claims for additional funds to cover what was then contemplated to be the cost of inflation.

I refer now to November and October of 1974 when the estimates were being compiled. Then, in actual fact the pressures of inflation were even higher than in 1975-76, so the departments were not, as the chairman referred to them, pet projects but these were the basic operating costs of running programs which existed. Therefore, there were two choices: you stopped the operation which was considered essential or you add additional money. Failing these, you have to look to something you can defer, which tends to be capital projects.

**Senator Grosart:** This is the point the chairman has made. It is perhaps, in the long term, not very good financing to take money from delayed capital projects and use it for current operating expenses, whether it is due to inflation or anything else, because it gives a false picture of your total expenditures for the year.

**The Chairman:** It is not applying quite as stringent a cathartic on the ministerial spending as one would like.

**Mr. MacDonald:** I think, sir, if the minister were here, he would argue that it is possible to make decisions about whether or not a capital project is as necessary, in a period of great restraint, as it might have been when it was originally thought of. Given the nature of government expenditures, which takes almost 60 per cent, and it is really about 70 or 80 per cent, over which there is no real flexibility in a period of restraint, short of amendment to legislation, if you are attempting to take a large amount out of the total you are down to departmental operating and capital expenditures.

In operating expenditures, we effected fairly substantial cuts in the staffing area alone. Outside the staffing area, the amounts of money that have been provided for ordinary operating objects in the last few years, the growth has been quite stringent. So, where departments have had

to continue to operate, they have taken reduction in staffing and they had to fall back on capital to live within the totals that were allowed.

**Senator Grosart:** I agree with everything you said, Mr. MacDonald, except the last sentence where you say they had to fall back on capital. The alternative, of course, would be further stringent restrictions on operating expenses.

**The Chairman:** That is correct. What we are trying to do is point out to you the danger of that sort of financing. We appreciate that that is the first place somebody will go who wants to cut, but for the various reasons we have given he is taking a risk.

**Senator Grosart:** The same thing would apply to the delay or cancellation of grants and contributions.

**Mr. MacDonald:** I think, senator, as I suggested, in the main those were not delays. It was not possible for them to be made because of the circumstances which would have required them to be made did not arise as planned, as expected.

**Senator Grosart:** Were there any cancellations of grants?

**Mr. MacDonald:** In the X budgets, yes, as a deliberate matter, if you recall, and particularly in the Department of Secretary of State. This is an example that occurs to mind. This is not a question of deferment: it is a program that has been cancelled.

**Senator Grosart:** Of course, also there were non-anticipated increases in many grants, particularly in research and development, under the Medical Research Council, and so on.

**Mr. MacDonald:** No, there were not. You may recall that the Medical Research Council have essentially been frozen for next year. I do not think they were supplemented this year.

**Senator Grosart:** That is what I mean. They have been frozen. I use the phrase, “anticipated increase in grants,” because everybody anticipates that the grant level will rise with inflation, particularly in the research area and in the Medical Research Council.

**Mr. MacDonald:** In this particular case, it had been approved, in fact.

**Senator Grosart:** That is right.

**The Chairman:** You are on transportation, are you not, Senator Grosart?

**Senator Grosart:** No, I am running through these pages and I am on B-2 now. The next one is under labour.

Vote 1—Reorganization of the Department and resultant delays in staffing certain positions have freed resources.

This is an unusual one.

**Mr. MacDonald:** It may be less usual than the capital but in almost every department their expectations as to staffing are usually more optimistic than reality would eventually bear out.

**Senator Grosart:** A reorganization is bringing this about, and that is what I said was unusual, departmental reorganization; in other words, they found it possible to

save \$70,000 by distributing the workload in the department, apparently.

**Mr. MacDonald:** Yes.

**Senator Grosart:** Public Works is on the same page, and this is the most interesting one of all to me

Restraint in the use of professional services has made these funds available.

This brings us back to questions that were asked about consultants. It is most interesting that there is only one item in the whole of the supplementaries where a department admits restraint in the use of professional services. Do you know anything about that situation? It is not a high amount.

**Mr. MacDonald:** I do not know anything about this in particular. As to the amount of transfers that have gone on in the last year, which the minister has referred to, many of the cases that he talked about have submissions that have been turned down by the Treasury Board, which involves requests for money to simply meet ongoing costs of existing programs.

I suppose some of those were approved, but most of them were not. There would be many, many cases, in fact, you may recall that one of the things that was done was to require cuts in consultant expenditures and travel expenditures. Departments would not necessarily have to come here because there is no vote transfer involved. It would be part of their operating expenditures, in any case. I think you will find in actual fact there are many illustrations of this in the last year, 1975-76.

**Senator Grosart:** I would hope you would encourage the departments to show the flag by \$1 votes, to show their restraint in the use of professional services.

The next one is, Secretary of State, the Massey Hall item again.

On page 3 Veterans Affairs vote 10b, delays in capital projects—the same thing.

**Mr. MacDonald:** That is right.

**Senator Carter:** While we are on these delays in capital projects for Veterans Affairs, I wonder if Mr. MacDonald could tell us what is the situation with respect to the Camp Hill project in Nova Scotia? Is that permanently derailed?

**Mr. MacDonald:** I do not believe it is permanently derailed. I recall some conversations with the department where discussions were still going on at quite senior levels, but I am not aware of the present state of development. As you know, there is a general reluctance in the provinces to undertake expenditures at this time. We are having some difficulty getting rid of some of the veterans hospitals that it was hoped would be transferred to the provinces.

**Senator Grosart:** Perhaps I can conclude with respect to the \$1 items, and then someone else will come in. I have very few comments other than that. At page A-5: "Secretary of State—National Museums of Canada, Source of Funds—Vote 95—(\$999,999)—Funds are available because grants are no longer paid in advance of actual need." What is the significance of that, Mr. MacDonald? It would appear to be a policy change of some type.

**Mr. MacDonald:** These are grants to the provincial or local museums. In previous times they had anticipated the requirement by making the payment before the end of the

year. This is in general frowned upon by the Treasury Board. Although it is not, strictly speaking, inconsistent, it would represent providing to an outside agency a fund of money on which it could draw interest. So, if the circumstances require that the payment of the grant be delayed, it is felt that the federal government should retain the money until it is used.

**The Chairman:** This is the sort of thing which concerns us, because you are talking about an ongoing increase in the amount of expenditure to provide 38 additional man-years. The way in which you are providing the funds is merely to delay the payment, for whatever good reason, of a grant which will eventually be paid.

**Senator Grosart:** This is the item raised by Senator Yuzyk.

**Mr. Campbell:** I suppose, Mr. Chairman, that the alternative is that in all these cases in which there is a shortage of funds, it could be required that there be an actual addition to estimates unless there were an actual deliberate saving made to offset it. In both cases the flow of funds becomes exactly the same.

**The Chairman:** Yes, because you mix the two.

**Mr. MacDonald:** Yes.

**The Chairman:** It would seem to me that you would tell the department if you are going to find the money within your own department, you must find it within a current expenditure. We will separate these two items and, on the one hand, talk about capital expenditures and grants and making savings there and, on the other hand, talk about current expenditures. However, we are not going to allow you to play that game and say that you do not wish to pay the grant this year so that it will be paid next year, and that in the meantime you will have an authorization on a \$1 estimate to have an ongoing expenditure for ensuing years.

**Senator Grosart:** To hire new people.

**Mr. MacDonald:** If I could put it to you differently, the government approved as a matter of policy a different approach to the provision of security services in the museums. The department had launched a plan of recruitment, which had been approved by Treasury Board, and it is now being more successful in recruiting these officers.

**Senator Grosart:** Yes.

**Mr. MacDonald:** As it were, this is considered to be a worthwhile expenditure in the fiscal policy. Additional money was required to pay these additional officers, so the situation then arises as to whether the department asks for a supplementary estimate of \$1 million and inflate estimates when at the same time it is known that, because of a rather desirable change in policy, \$1 million is going to lapse. There is then a question of whether we, if I may put it this way, artificially inflate the estimates, or take advantage of what I have mentioned, which is not so much a saving as a deferment, in order not to inflate the estimates.

**Senator Grosart:** Or you could call it an artificial deflation.

**The Chairman:** Or you could separate the two and say that you are going to decrease the grants and capital expenditures by X million dollars, and that if the departments desire these new programs they must find the



money from current expenditures. It may be that the odd department would go down in its budget.

**Mr. MacDonald:** I think, Mr. Chairman, an argument could be made for not using \$1 items at all.

**Senator Grosart:** Yes.

**The Chairman:** It would certainly fall on fallow ground here.

**Senator Grosart:** What are these grants, Mr. MacDonald?

**Mr. MacDonald:** May I have a copy of the main estimates?

**Senator Grosart:** The main estimates approved \$1 million for certain grants. It was assumed, I suppose, that those grants were to be made in this fiscal year?

**Mr. MacDonald:** That is correct.

**Senator Grosart:** They have not been made, or the department has decided it is not going to make the grants this year. Presumably it will make them next year. Perhaps that is not a fair presumption, but I think it is because this refers only to the fact that the funds were paid in advance.

**Mr. MacDonald:** Yes.

**Senator Grosart:** Surely when this actual need comes up we will have an expenditure item for this amount, which would come up next year.

**Mr. MacDonald:** Senator, if I may, \$1,619,700 was provided for contributions to eligible museums in Canada for the improvement of collections and displays.

**Senator Grosart:** Yes, that is a perfect example of what we are discussing.

**Mr. MacDonald:** The recipients have preferred that they be financed in anticipation of their acquisitions. This has been a practice that has not generally been approved by Treasury Board, and the museums have changed it, so that this money now lapses. The budget, however, that has been established for next year for this purpose has not been increased on that account.

**Senator Grosart:** But it is still there.

**Mr. MacDonald:** It is still there, so in a sense it is like a continual deferment, because the new policy will be continued into a subsequent year. Basically, the program is approximately a \$7 million program year after year, so the money that is forgone this year is not necessarily picked up in succeeding years.

**Senator Grosart:** It seems to me that it would be, because all you are doing here is saying instead of paying in advance you will pay when the department can prove the need has arisen, which will be when they make a deal to acquire a King Edward VII statue.

**Mr. MacDonald:** I think, senator, if you take a period of 10 years, the money that will go out under an advance program or under a deferment program will be the same; that is correct. If one accepts the use of \$1 votes for offsetting purposes, and they should be confined to cases in which a department made a deliberate saving for the purpose of this financing, we would not have them, because \$1 items are transfers from one vote to another.

When we talk about operating expenses, in a sense you would be taking money from one part of an operating vote to another part of the operating vote. There would be no transfers, except as between different parts of a ministry. In general, in the Department of Public Works, the Department of the Secretary of State, the National Harbours Board and the various groups to which we have referred, it is always within the same ministry. It is a transfer from a grant vote to an operating vote, or from a capital vote to a grant vote, or something of this nature. So the transfers that you see here of necessity involve capital to operating, grant to operating and, sometimes I suppose, capital to grants and vice versa. Many transfers are made internally within a vote and with the approval of the board.

**Senator Grosart:** Surely that is why the \$1 vote becomes necessary, because of the statutory requirement that you cannot transfer from one vote to another within a department or anywhere else.

**The Chairman:** You are not saying that operating expenditures from one vote to another would not be included in the . . .

**Mr. MacDonald:** No, I agree. What I am saying is that because we are talking about transferring from grants and contribution votes or capital votes to operating, the impression is given that there are no instances arising where a department has had to absorb operating expenditures by cutting other operating expenditures. There are thousands of such illustrations, but they do not require parliamentary authority.

**Senator Grosart:** No, because they are within the vote. That makes the problem even worse, because all we know is that the transfers came from capital to operating, where there are different votes involved. If it is within the same vote, we could have thousands of case of the same thing about which we know nothing.

**Mr. MacDonald:** Is it on that account objectionable?

**Senator Grosart:** I think it is. I will not say objectionable, but I would say it is a matter of concern. Assuming the original capital expenditure was regarded as necessary and could have been proceeded with, if there was a deliberate decision within the department, either within a vote or from vote to vote, to say, "We will hold up that capital expenditure and use the money for operating," there are two objections. One is that if the capital expenditure were necessary at the time the Treasury Board approved the estimates, you have to ask, "What are the consequences of delaying it? Parliament said you should do it. You can do it." The second objection is that raised by Senator Manning, that it involves additional cost to delay it. As the chairman said, we have beaten that pretty well to death.

I had a note on uncollectible debts in the National Revenue, but Senator Yuzyk has raised that point. I come now to Veterans Affairs. This is on page C-1, vote 30b. "The debt results from the overpayment of pension". It is not a big one. It is \$46,000. "The debtor is deceased with no known estate". Would there be any suggestion of fraud involved in a case like that?

**Mr. MacDonald:** It could be a misunderstanding.

**Senator Grosart:** A routine mistake, yes.

**Senator Carter:** It might very well be a mistake on the part of the department.



**Senator Grosart:** Yes. Page D-1. This is Finance: Vote L31b, "To authorize a loan guarantee". This is one to the Civil Service Recreation Association—to guarantee a loan by a chartered bank to add another area to the multi-purpose building. Is this the usual type of loan, to guarantee payment of a loan to the Civil Service Recreation Association?

**Mr. MacDonald:** In other years an actual loan has been made by the government to the Ottawa Civil Service Recreation Association, when shall we say, the viability of the organization was not as assured as it is presently. This is a change in that policy, now saying they are good enough with a guarantee. There is no doubt about their capacity to repay a loan and so a guarantee has been substituted for a loan.

**The Chairman:** There must be some doubt if they require a guarantee.

**Mr. MacDonald:** I guess they might stand in better stead at the banks for interest rates.

**The Chairman:** That is a possibility. Is that a fact?

**Mr. MacDonald:** I believe that is the motivation in this particular case.

**The Chairman:** Would they be borrowing below the prime?

**Mr. MacDonald:** I do not know that. I do not have a note to that effect. There was no particular reason why they would want it. It represents a kind of subsidy by the government to the recreational association and its employees by making it possible for them to get a lower interest rate.

**Senator Grosart:** If the interest rate from the government was concessional?

**Mr. MacDonald:** Yes.

**Senator Grosart:** We come now to schedule E, to a question which Senator Benidickson raised. I do not know what to do about it. This is a long story.

**The Chairman:** In the light of the point raised by Senator Benidickson, perhaps we should now adjourn and come back to schedule E at another meeting, and then make our usual tour through the various departments.

**Senator Grosart:** That is, if Mr. MacDonald does not mind coming back.

**The Chairman:** I expect we would not get to the Blue Book today, anyway.

**Senator Grosart:** These are very large amounts and they are amending legislative provisions of previous appropriation acts, which raises the whole question of the use of supplementary estimates to make these major policy decisions.

**Mr. MacDonald:** In general, the policy decisions were originally incorporated in appropriation acts. We are using the same medium to affect an amendment. In this case, it is not a question of taking other pieces of legislation and amending them. In the first case, it is to say that money which has been provided by an appropriation shall be, as it were, converted to investment in Petro-Canada, and would fall within the purview of the Petro-Canada Act. That act makes provision for so much in the way of preferred

shares. By the way, there is an error. The vote does say preferred shares and the explanation says preferred shares; so it is preferred rather than common shares.

**Senator Grosart:** That raises a question which has been raised before, which is legislation by appropriation acts, and particularly here in this case where it is supplementary estimates. It says:

Authority is requested to deem any payment made pursuant to Energy, Mines and Resources Vote L12d of Supplementary Estimates (B), 1974-75 . . .

And so on.

. . . for subscription.

It is taking a vote for entirely different purposes and converting it, because circumstances have changed. I understand that. I am not really questioning the policy so much as I am questioning the way of implementing it by appropriation vote.

As the chairman said, we might come back to that and have a statement on these three items. It will give us a little more guidance on why it is necessary at times to legislate by appropriation bills.

**Mr. MacDonald:** Yes.

**Senator Grosart:** I know you will say that an appropriation bill is an act of Parliament, which it is; but it is not the normal way of implementing government policy. There must be reasons why on occasions it is done this way. We have spoken about this before.

**The Chairman:** Before we adjourn, I am in the hands of the committee, but we could meet tomorrow, if that is your choice. We cannot meet next week . . .

**Mr. MacDonald:** Mr. Chairman, we have a conflict. We are appearing before the Public Accounts Committee on the Auditor General's Report tomorrow.

**The Chairman:** Then we may have to set the meeting for next Tuesday. It will not be possible for me to attend, but I will see if the deputy chairman can attend. On reflection, it looks as though next Tuesday would not be convenient. It may have to be the week after.

**Senator Grosart:** Is there any urgency for the supplementaries?

**Mr. MacDonald:** They will be introducing the bill in the other place on the night of the twenty-fourth.

**Senator Grosart:** Mr. Chairman, we should try to get in our report earlier.

**The Chairman:** It could be that we will finish with Canada Manpower next week, early, in which case we could schedule a meeting for next week.

**Senator Grosart:** Or, Mr. Chairman, you could say that we have examined the supplementary estimates, make a report prior to the arrival of the appropriation bill, and that we are continuing our study.

**The Chairman:** Is that the wish of the committee?

**Senator Grosart:** I would certainly agree to that, because we have gone through the major items, the minister's statement, and the \$1 items with Mr. MacDonald.

**The Chairman:** I will have to check with Senator Benidickson. We might be able to start on it next Wednesday

morning. Hopefully we might get it done on Wednesday. I am referring to the Manpower document, which is long and complicated.

**Senator Grosart:** I do not think it will take long. It may only take a couple of hours to finish. I would suggest that there be an interim report.

**The Chairman:** If we are able to finish Canada Manpower and approve the report, we will then go ahead next Thursday morning with a meeting.

**Mr. MacDonald:** Mr. Chairman, unfortunately the Public Accounts Committee has scheduled 12 meetings, approximately two a week. They have to do with the Auditor General's report. The earlier part of it has a great deal to do with the form of the estimates and the operations of the Program Branch, of which I am Deputy Secretary. I do not know whether they will be continuing next Tuesday and Thursday. I will inform the Secretary and he will handle the question with the Public Accounts Committee.

**Senator Grosart:** If we were to put in a first report, we could meet Mr. MacDonald's convenience and we would not need to call the minister back.

**The Chairman:** If we get finished with Manpower, we could meet with Mr. MacDonald, assuming that he might be free on Thursday, have the whole thing wrapped up on Thursday and make our report. If that is not possible, we could make the interim report on Thursday and go ahead with Mr. MacDonald at our mutual convenience. We will cooperate on that.

**Senator Grosart:** Mr. Chairman, it is very important that we get in our report at least a week before the appropriation bill arrives. Senators have complained that they have not had time to examine our report first. Let us leave it at your discretion and Mr. MacDonald's convenience.

**The Chairman:** The committee is adjourned.

The committee adjourned.

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FIRST SESSION—THIRTIETH PARLIAMENT

1974-76

THE SENATE OF CANADA  
PROCEEDINGS OF THE  
STANDING SENATE COMMITTEE ON  
**NATIONAL FINANCE**

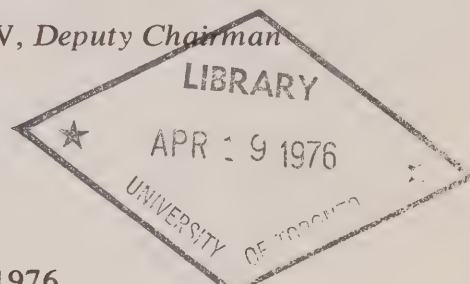
The Honourable DOUGLAS D. EVERETT, *Chairman*

The Honourable HERBERT O. SPARROW, *Deputy Chairman*

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Issue No. 31

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TUESDAY, MARCH 23, 1976

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**Second and final Proceedings on:**

the Supplementary Estimates (B) laid before Parliament for the fiscal year  
ending march 31, 1976

AND

**First Proceedings on:**

the Main Estimates laid before Parliament for the fiscal year  
ending March 31, 1977

---

REPORT OF THE COMMITTEE and APPENDIX «A» attached thereto.

**APPENDIX «A» to the Proceedings**

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(Witnesses: Minutes of Proceedings)

STANDING SENATE COMMITTEE ON  
NATIONAL FINANCE

The Honourable D. D. Everett, *Chairman*;

The Honourable Herbert O. Sparrow, *Deputy Chairman*.

The Honourable Senators:

Barrow	Hicks
Benidickson	Langlois
Carter	Manning
Côté	Neiman
Croll	O'Leary
Desruisseaux	*Perrault
Everett	Prowse
*Flynn	Robichaud
Giguère	Smith ( <i>Colchester</i> )
Graham	Sparrow
Grosart	Yuzyk
20 Members (Quorum 5)	

\**Ex officio* member

# Order of Reference

Extract from the Minutes of Proceedings of the Senate of  
Wednesday, March 3, 1976:

"Will leave of the Senate,

The Honourable Senator Langlois moved, seconded  
by the Honourable Senator Perrault, P.C.:

That the Standing Senate Committee on National  
Finance be authorized to examine and report upon the  
expenditures set out in the Supplementary Estimates  
(B) laid before Parliament for the fiscal year ending  
the 31st March, 1976.

The question being put on the motion, it was—  
Resolved in the affirmative."

Extract from the Minutes of Proceedings of the Senate of  
Thursday, February 19, 1976:

With leave of the Senate,

The Honourable Senator Langlois moved, seconded  
by the Honourable Senator Perrault, P.C.:

That the Standing Senate Committee on National  
Finance be authorized to examine and report upon the  
expenditures proposed by the Estimates laid before  
Parliament for the fiscal year ending the 31 st March,  
1977, in advance of bills based upon the said Estimates  
reaching the Senate.

The question being put on the motion, it was—  
Resolved in the affirmative.

Robert Fortier,  
*Clerk of the Senate.*



# Report of the Committee

Wednesday, March 24, 1976.

The Standing Senate Committee on National Finance to which the Supplementary Estimates (B) laid before Parliament for the fiscal year ending the 31st of March 1976 were referred, has in obedience to the order of reference of Wednesday, March 3rd, 1976 examined the said Estimates and reports as follows:

1. In obedience to the foregoing, the Committee made a general examination of Supplementary Estimates (B) and heard evidence from the Honourable J. Chrétien, President of Treasury Board, Mr. B. A. MacDonald, Deputy Secretary and Mr. R. L. Richardson, Assistant Secretary, Program Branch, Treasury Board.

2. Through these Supplementary Estimates (B) \$921 million in adjustments will be added to the costs of existing programs and some accounting adjustments will be made. This sum added to the Supplementary Estimates (A), \$1,751 million and the Main Estimates, \$29,585 million bring the total Estimates for the fiscal year ending March 31st, 1976 to \$32,257 million. The Committee notes that the original Main Estimates have therefore been increased through Supplementary Estimates (A) and (B) by a total of \$2,672 million, that is by 9 per cent. Although this percentage increase is considerably less than the 21 per cent increase added through Supplementaries to the Main Estimates for 1974-75, the Committee continues to be concerned by the size of the Supplementary Estimates in relation to the Main Estimates. This has been consistently high for some years as shown by the following table.

## PERCENTAGE INCREASE OF SUPPLEMENTARY ESTIMATES IN RELATION TO THE MAIN ESTIMATES

(millions of dollars)

Fiscal Year	Main Estimates	Supplementary Estimates	Percentage Increase
1969-70	12,467	349	2.8%
1970-71	13,752	930	6.8%
1971-72	15,341	1,306	8.5%
1972-73	16,539	1,726	10.4%
1973-74	19,287	2,125	11.0%
1974-75	23,297	4,936	21.0%
1975-76	29,585	2,672	9.0%

The Committee accepted assurances from the President of the Treasury Board that he shares the Committee's concern, that he has already set an upward limit of \$1,500 million as a target for the allocation of funds through Supplementary Estimates in the next fiscal year, 1976-77.

3. The President of the Treasury Board described the negotiations with departments through which the increase in total expenditures for 1975-76 over 1974-75 have been held to 16 per cent. It is his intention to at least maintain, and if possible to further reduce the percentage level of

increase in future years. The effect of this action forces government departments to take a hard look at the priorities of their existing programs. The Committee approves of this restraint action. It suggests that consideration be given to the requirement by the Treasury Board that departments catalogue all their programs and rank them in order of priority on the basis of real usefulness, that when new programs are proposed they be provided for, whenever possible, by a readjustment of priorities. The Committee considers that in spite of undoubted difficulty in persuading departments to make such assessment, continued pressure on them to do so is desirable.

4. Turning specifically to Supplementary Estimates (B) the larger items are as follows:

- (a) Payments in connection with the Two-Price Wheat Program which is intended to keep the price of bread down \$186 million
- (b) Public Debt Charges \$155 million
- (c) Payment to the Old Age Security Fund to cover the final deficit which is due mostly to indexing \$114 million
- (d) Various fiscal transfers to the provinces \$113 million
- (e) Payments to the provinces to cover the federal share under provincial welfare plans \$107 million
- (f) Payment to compensate the railways for operating unprofitable services to the public \$40 million
- (g) Payment to the Canadian National Railway for the deficit arising in the calendar year 1975 in respect of the Canadian National Railway System \$35 million
- (h) To set up a drawing account for temporary advances in the operation of the National Defence Program \$26 million
- (i) Payment of the federal share of the provinces' university education costs \$24 million
- (j) An amount to provide for forgiveness of an old loan to Romania \$23 million
- (k) Payments for price support to farmers \$22 million

5. The Committee discussed the criteria for the forgiveness of the \$23 million loan to Romania which dates from World War I and other similar loans with the Deputy Secretary of the Treasury Board. It was told that there are no established criteria for dealing with long outstanding loans, that an active and continuous attempt is made to recover them. When the best possible agreement is reached the remainder is put forward to Parliament to be written off. In effect a receivable is reclassified as a bad debt and dealt with.

6. The Treasury Board supplied the Committee with a list explaining forty-five \$1 items in the Supplementary Estimates (B). This list is attached as Appendix (A) to this report.

7. As in the past the Committee was disturbed by one aspect of these \$1 items. A substantial number of them authorize the provision of funds for unanticipated operating expenses through the deferral of capital projects. It is always preferable that the funds required be met by transfer within the authorized vote. As already pointed out, this forces departments to look after their essential programs. The Committee objects to the deferment of capital projects in this manner because most of them will eventually be proceeded with and will then require a substantially increased total expenditure due to the continued rise in construction costs. The Committee had similar objections to the authorization through \$1 items of the use of funds provided for grants and contributions. Many of these grants also relate to construction projects.

Respectfully submitted.

H. Sparrow,  
*Deputy Chairman.*

(Appendix A to report)

#### EXPLANATION OF ONE DOLLAR ITEMS IN SUPPLEMENTARY ESTIMATES (B), 1975-76

##### SUMMARY

The one dollar items included in these Estimates have been grouped in the attached schedules according to purpose.

- A. One Dollar items which authorize transfers from one vote to another—27 items.
- B. One Dollar items which authorize the payment of grants—9 items.
- C. One Dollar items which authorize the deletion of debts due the Crown—4 items.
- D. One Dollar items which authorize financial guarantees—1 item.
- E. One Dollar items which amend the legislative provisions of previous appropriation acts—3 items.
- F. One Dollar items which amend acts other than appropriation acts—1 item.

March 2, 1976  
Estimates Division

##### SCHEDULE A

#### ONE DOLLAR ITEMS WHICH AUTHORIZE TRANSFERS FROM ONE VOTE TO ANOTHER—27 ITEMS.

##### AGRICULTURE—CANADIAN DAIRY COMMISSION

Vote 50b—To authorize a transfer to this Vote of \$59,999.

Explanation—Additional funds are requested to cover increased costs for rent and communications; to provide for costs being incurred to support Canadian initiatives in promoting the sale of Canadian cheese in the European Common Market and to provide for certain building modifications.

Source of Funds—Vote 1—(\$59,999)—Funds are available as the result of lower than estimated administration charges for the Land Transfer function of the Small Farm Development Program.

##### EXTERNAL AFFAIRS

Vote 1b—To authorize a transfer to this Vote of \$2,685,999.

Explanation—Additional funds are required to:

- (1) provide for a shortage of \$2,039,000 resulting from foreign currency revaluations and increased inflation rates abroad;
- (2) cover tenant service costs (\$461,000) for the headquarters building in Ottawa and for accommodation in Britain; and
- (3) meet operating costs (\$186,000) of the long range accommodation program of the Department.

Vote 20b—To authorize a transfer to this Vote of \$200,999.

Explanation—Additional funds are required to cover increased costs of Canada's participation in the 1975 Okinawa International Ocean Exposition, resulting from unforeseen expenses on pavilion improvements and from the high rate of inflation in Japan.

Source of Funds—Vote 5—(\$2,886,998)—Funds are available due to a delay in the acquisition of a site for the new Chancery in Washington.

##### JUSTICE

Vote 1b—To authorize a transfer to this Vote of \$939,999.

Explanation—The additional funds will be used to:

- (1) provide for operating costs (\$430,000) of the Committee on the Operation of the Abortion Law;
- (2) cover the cost of tenant services (\$213,000) provided by the Department of Public Works;
- (3) meet the cost of the Inquiry into the crash of a Panarctic Oils Limited aircraft (\$100,000); and
- (4) provide for an increase in contractual costs (\$149,000) for the Judge's language training and for costs (\$48,000) incurred in the preparation of gun control legislation.

Source of Funds—Vote 10—(\$939,999)—Funds are available due to reductions in grants and contributions.

Vote 15b—To authorize a transfers to this Vote totalling \$253,999.

Explanation—The additional funds will be used mainly to:

- (1) provide for the increased costs (\$172,000) incurred in printing of the Supreme Court of Canada reports; and
- (2) assist with the cost (\$72,000) of a symposium to celebrate the Centenary of the Supreme Court of Canada which was held last September.

Source of Funds—

Vote 10—(\$57,999)—Funds are available due to reductions in grants and contributions.

Vote 20—(\$162,000)—Funds are available as the result of provincial charges for use of staff and facilities being less than expected.

Vote 30—(\$34,000)—Funds are available from the Tax Review Board because expenditures will be less than expected.



Vote 25b—To authorize a transfers to this Vote totalling \$380,999.

Explanation—To provide mainly for the cost of completing and publishing the reports and other materials prepared during the initial phase of the Law Reform Commission.

Source of Funds—

Vote 5—(\$35,999)—Expenditures for investigation and research under the Canadian Judicial Council will be less than expected.

Vote 10—(\$211,000)—Funds are available due to reductions in grants and contributions.

Vote 30—(\$134,000)—Funds are available from the Tax Review Board because expenditures will be less than expected.

#### MANPOWER AND IMMIGRATION

Vote 1b—To authorize a transfer to this Vote of \$754,999.

Explanation—Additional funds are requested to cover increased program operating costs and for the cost of contract audit services provided by the Department of Supply and Services.

Vote 5b—To authorize a transfer to this Vote of \$10,866,999.

Explanation—Additional funds are requested for the purchase of occupational training from the provinces, (\$8,523,000), for the purchase of language training for Chilean and Vietnamese refugees (\$1,700,000) and for the Department's portion of the Federal Labour Intensive Projects Program (\$644,000)

Vote 20b—To authorize a transfer to this Vote of \$725,999.

Explanation—Additional funds are requested to cover the production costs of the publications Careers-Canada and Careers-Provinces which provide career and occupational guidance information to students and new entrants to the labour force.

Source of Funds—Vote 10—(\$12,347,997)—Canada Manpower Training Program allowance payments and other contributions will be less than originally forecast.

#### NATIONAL DEFENCE

Vote 5b—To authorize a transfer to this Vote of \$12,999,999.

Explanation—Additional funds are required to:

- (1) provide \$11,000,000 for 1975-76 expenditures on the Long Range Patrol Aircraft project which were not provided in Main Estimates; and
- (2) provide \$2,000,000 for the procurement of capital commodities required in support of the 1976 Olympics.

Source of Funds—Vote 1—(\$12,999,999)—Funds are available as the result of economies effected in operations and maintenance activities within the program.

#### NATIONAL HEALTH AND WELFARE

Vote 25b—To authorize a transfer to this Vote of \$699,999.

Explanation—To meet increased operating expenditures of the program for the balance of the current fiscal year.

Source of Funds—Vote 20—(\$699,999)—Revisions to two capital projects originally scheduled for construction in 1975-76 have forced deferment and have made funds available for this transfer.

#### PUBLIC WORKS

Vote 10b—To authorize a transfer to this Vote of \$4,699,999.

Explanation—To provide for the increased costs of managing properties and for escalation clauses in leases.

Vote 20b—To authorize a transfer to this Vote of \$999,999.

Explanation—Additional funds are required to meet costs incurred in carrying out essential maintenance projects such as wharf repairs at Baie-Comeau, Île-aux-Coudres and Tadoussac and maintenance dredging projects at Bathurst, Dalhousie and Saint John, N.B.

Vote 40b—To authorize a transfer to this Vote of \$999,999.

Explanation—To carry out emergency repairs to the New Westminster Railway Bridge which was damaged by a runaway barge.

Vote 45b—To authorize a transfer to this Vote of \$198,999

Explanation—Additional funds are required for operation and maintenance of properties at Moosonee, Ontario, transferred to the Department from the Department of National Defence.

Source of Funds—Vote 15—(\$6,898,996)—Funds are available due to unforeseen delays in construction projects.

#### SECRETARY OF STATE

Vote 15b—To authorize a transfer to this Vote of \$404,999.

Explanation—Additional funds are required to:

- (1) provide a further \$50,000 towards the cost of a study on the Canadian Film Industry.
- (2) to defray the cost of the visit of the Prince of Wales last April (\$265,000) and the cost of preparations for the Queen's visit to Canada during the July 1976 Olympics (\$90,000).

Source of Funds—Vote 20—(\$404,999)—Funds are available since all of the grants provided to construct, expand or improve facilities for the performing arts in Canada will not be used (\$354,999) nor will the proposed grant to Massey Hall be paid in this fiscal year.

#### SECRETARY OF STATE—COMPANY OF YOUNG CANADIANS

Vote 65b—To authorize a transfer to this Vote of \$619,999.

Explanation—Additional funds are required by the Company to meet closing-out costs such as four months severance pay to permanent employees in accordance



with collective bargaining agreements and one month severance pay to volunteers.

Source of Funds—Vote 10—(\$619,999)—Funds are available since bilingualism contributions, summer language bursaries and assistance to associations of independent schools will be less than forecast.

#### SECRETARY OF STATE—NATIONAL MUSEUMS OF CANADA

Vote 90b—To authorize a transfer to this Vote of \$999,999.

Explanation—Additional funds are required to provide for the cost of 38 additional man-years for the Corporation's own security force and to finance the extension of the present contractual arrangement so as to ensure adequate protection while new officers are being trained.

Source of Funds—Vote 95—(\$999,999)—Funds are available because grants are no longer paid in advance of actual need.

#### SOLICITOR GENERAL

Vote 1b—To authorize a transfer to this Vote of \$499,999

Explanation—To provide for a Special Communications Unit, responsible for informing the public concerning the peace and security program of the government.

Source of Funds—Vote 10—(\$499,999)—Funds are available because of unforeseen delays in the Penitentiary Service construction program.

#### SOLICITOR GENERAL—CORRECTIONAL SERVICES

Vote 15b—To authorize a transfer to this Vote of \$130,999

Explanation—Additional funds are required for payments to Community Residential Centres and for the maintenance of day parolees.

Source of Funds—Vote 10—(\$130,999)—Funds are available because of unforeseen delays in the Penitentiary Service construction program.

#### TRANSPORT

Vote 1b—To authorize a transfer to this Vote of \$1,049,999

Explanation—Additional funds are required to cover the cost of the Inquiry into Air Canada's financial activities, organizational changes needed to further develop and implement the National Transportation Policy announced on June 16, 1975 and to cover the costs of increased services.

Source of Funds—Vote 45—(\$1,049,999)—Funds are available because of delays in construction of port and ferry terminal modification at Port-aux-Basques, Newfoundland.

Vote 10b—To authorize a transfer to this Vote of \$4,893,999

Explanation—Additional funds are required to:

- (1) provide for price increases (\$2,997,000) in petroleum products, fleet supplies and other standard commodity items;

- (2) provide for the cost (\$831,000) of unforeseen damage incurred by vessels engaged in icebreaking and search and rescue activities;

- (3) cover the cost (\$439,000) of a ports and harbours task force formed to recommend a new ports policy for Canada;

- (4) meet the cost (\$273,000) of tenant services formerly provided by the Department of Public Works;

- (5) provide for the cost (\$191,000) of the annual price adjustment in connection with ice reconnaissance services contract; and

- (6) cover the costs of other projects such as the Federal Labour Intensive Program (\$70,000) and the establishment of a Canadian marine communications station (\$93,000).

Source of Funds—Vote 15—(\$4,893,999)—Funds are available because of unforeseen delays in the construction program.

Vote 30b—To authorize a transfer to this Vote of \$849,999

Explanation—To provide additional contributions to various municipal airports in Canada to cover their operating deficits.

Source of Funds—Vote 20—(\$849,999)—Funds are available because additional Air Transportation Tax revenues and from savings in other items.

#### TRANSPORT—NATIONAL HARBOURS BOARD

Vote 92b—To authorize a transfer to this Vote of \$674,999

Explanation—Additional funds are required to meet cash operating deficits incurred in the calendar year 1975 at the ports of Churchill (\$600,000 mainly due to below average grain traffic) and Prince Rupert (\$75,000 due mainly to higher than expected maintenance costs in the operation of small craft facilities).

Source of Funds—Vote 90—(\$674,999)—Funds are available due to the deferral of a bridge repainting project until 1976.

#### URBAN AFFAIRS

Vote 1b—To authorize a transfer to this Vote of \$999,999

Explanation—Additional funds are required to complete the planning process and to conduct public activities at the Toronto Waterfront Park.

Source of Funds—Vote 5—(\$999,999)—Funds are available since grants and contributions will be less than expected.

#### URBAN AFFAIRS—CANADIAN HABITAT SECRETARIAT

Vote 40b—To authorize a transfer to this Vote of \$1,299,999

Explanation—Additional funds are required to cover increased costs for media facilities, communications, audio-visual and interpretation facilities.

Source of Funds—Vote 5—(\$1,299,999)—Funds are available since grants and contributions will be less than expected.

## VETERANS AFFAIRS

Vote 45b—To authorize a transfer to this Vote of \$1,349,999 and to authorize the deletion of a debt for \$28,500.94

Explanation—The Standing Interdepartmental Committee on Uncollectable Debts has recommended the deletion of this debt which results from unpaid treatment costs. The debtor is deceased with no known estate.

Additional funds of \$1,349,999 are required to cover increased costs of treatment services.

Source of Funds—Vote 50—(\$1,349,999)—Funds are available due to the deferment of certain capital projects.

## SCHEDULE B

## ONE DOLLAR ITEMS WHICH AUTHORIZE THE PAYMENT OF GRANTS—9 ITEMS

## CONSUMER AND CORPORATE AFFAIRS

Vote 25b—To authorize a grant of \$20,000.

Explanation—The grant to the World Intellectual Property Organization must be paid in Swiss francs. Because of fluctuating exchange rates, the \$100,000 provided for in Main Estimates is not sufficient.

Source of Funds—Vote 25—(\$19,999)—Operating expenditures were not as high as expected.

## ENVIRONMENT

Vote 15b—To authorize grants totalling \$396,467.

Explanation—Additional funds are required:

- (1) To recoup the 1974-75 deficit in the Fisheries Prices Support Account (\$382,467); and
- (2) to provide for the payment of \$14,000 to a successful appellant who lost employment as result of the ban on whaling.

Source of Funds—Vote 15—(\$396,466)—Funds are available from the Program for rehabilitation of Canadian Fisheries.

## EXTERNAL AFFAIRS

Vote 10b—To authorize grants totalling \$475,000 and a transfer to this Vote of \$544,999.

Explanation—It is proposed to provide grants in lieu of taxes on diplomatic and consular properties in Canada.

Source of Funds—Vote 5—(\$544,999)—Funds are available due to a delay in the acquisition of a site for a new Chancery in Washington.

## EXTERNAL AFFAIRS—CANADIAN INTERNATIONAL DEVELOPMENT AGENCY

Vote 30b—To authorize a grant of \$100,000.

Explanation—To provide additional funds to the International Institute for Tropical Agriculture to the higher operating costs in 1975.

Source of Funds—Vote 30—(\$99,999)—Funds are still available within allocations for multilateral grants.

## LABOUR

Vote 1b—To authorize grants totalling \$70,000.

Explanation—To provide additional Adjustment Assistance Benefits to workers in the textile and clothing industries, because the number of claimants has increased and the benefit has been increased in consonance with the cost of living adjustments.

Source of Funds—Vote 1—(\$69,999)—Reorganization of the Department and resultant delays in staffing certain positions have freed resources.

## PUBLIC WORKS

Vote 5b—To authorize a grant of \$7,500.

Explanation—to provide a grant of \$7,500 to the Canadian Association of Fire Chiefs. This grant matches an equal contribution from the Provinces and is to be applied to the operating costs of the Association.

Source of Funds—Vote 5—(\$7,499)—Restraint in the use of professional services has made these funds available.

## SECRETARY OF STATE

Vote 20b—To authorize a grant of \$500,000

Explanation—To provide a grant to the province of Newfoundland to commemorate the 25th anniversary of its entry into Confederation.

Source of Funds—Vote 20—(\$499,999)—Funds will be available since the proposed grant to Massey Hall will not be paid in this fiscal year.

Vote 40b—To authorize grants totalling \$33,100.

Explanation—Additional funds are required to provide grants to three volunteer organizations under the Citizenship Participation Activity.

Source of Funds—Vote 40—(\$33,099)—Funds are available due to reduced expenditures under the Citizenship Promotion Activity.

## VETERANS AFFAIRS

Vote 10b—To authorize grants totalling \$10,500,000 and to authorize transfers to this Vote totalling \$10,499,999.

Explanation—Additional funds are required to cover increased payments for War Veterans Allowances and Civilian War Allowances due to increased case loads, an unexpected carryover from 1974-75 due to recent legislative changes, a delay in receipt of Spouse's Allowances and the cancellation of escalation in Family Allowance.

Source of Funds—Vote 35—(\$5,499,999)—Funds are available due to reduced pension case loads.

Vote 50—(\$5,000,000)—Funds are available because of unforeseen delays in capital projects.

## SCHEDULE C

## ONE DOLLAR ITEMS WHICH AUTHORIZE THE DELETION OF DEBTS DUE THE CROWN—4 ITEMS

## NATIONAL REVENUE—CUSTOMS AND EXCISE

Vote 1b—To authorize the deletion of debts totalling \$1,169,216.61

Explanation—To delete 72 uncollectable debts, each in excess of \$5,000 and representing amounts owing in

respect of domestic sales taxes, excise taxes and import duties. Deletion of these debts has been recommended by the Standing Interdepartmental Committee on Uncollectable Debts.

#### NATIONAL REVENUE—TAXATION

Vote 5b—To authorize the deletion of debts totalling \$7,961,142.13.

Explanation—To delete 453 uncollectable debts, each in excess of \$5,000 and representing amounts owing in respect of unpaid income taxes. Deletion of these debts has been recommended by the Standing Interdepartmental Committee on Uncollectable Debts.

#### VETERANS AFFAIRS

Vote 5b—To authorize the deletion of debts totalling \$49,703.84.

Explanation—The Standing Interdepartmental Committee on Uncollectable Debts has recommended the deletion of these debts. They result mainly from undeclared income or the failure to advise of changed marital status. Of the six debtors, one has died with no known estate and the remaining five are indigent.

Vote 30b—To authorize the deletion of a debt for \$46,182.45.

Explanation—The Standing Interdepartmental Committee on Uncollectable Debts has recommended the deletion of this debt. The debt results from the overpayment of pension. The debtor is deceased with no known estate.

#### SCHEDULE D

##### ONE DOLLAR ITEMS WHICH AUTHORIZE FINANCIAL GUARANTEES—1 ITEM

#### FINANCE

Vote L31b—To authorize a loan guarantee.

Explanation—It is proposed to guarantee payment of a loan of \$2 million to be made to the Ottawa Civil Service Recreational Association by a chartered bank. The loan is to be used by the Association to add an arena and multipurpose building.

#### SCHEDULE E

##### ONE DOLLAR ITEMS WHICH AMEND THE LEGISLATIVE PROVISIONS OF PREVIOUS APPROPRIATION ACTS—3 ITEMS

#### ENERGY, MINES AND RESOURCES

Vote L16b—To convert payments made or to be made to the end of 1976-77 in respect of Canada's financial participation in the development and exploration of

the Athabaska Tar Sands into common shares of Petro-Canada, who will become the federal agent in the Syncrude Project.

Explanation—Authority is requested to deem any payment made pursuant to Energy, Mines and Resources Vote L12d of Supplementary Estimates (B), 1974-75 and Energy, Mines and Resources Vote L20, Main Estimates 1976-77 to have been advanced out of the Consolidated Revenue Fund for subscription of preferred shares in Petro-Canada.

#### INDUSTRY, TRADE AND COMMERCE

Vote L37b—To authorize the conversion of debt to equity and to enter into an agreement with prospective buyers.

Explanation—The Federal Government currently owns 40 per cent of Consolidated Computer Inc. (CCI) and the Ontario government owns 17 per cent. Because of the poor performance of CCI, it has been decided that immediate steps should be taken to restructure the company.

In order to attract partners for CCI, it is proposed to convert most of the debt to the Crown into capital stock and to transfer this stock to prospective buyers—Fujitsu of Japan and Consolidated Dynamics Ltd. of Canada.

#### TREASURY BOARD

Vote 20b—To authorize the payment of premiums and recovery of these costs in respect of employees who were on lawful strike.

Explanation—Authority is requested for the payment of full premiums for employee insurance plans in respect of employees who are on a lawful strike and who do not receive remuneration during that period from which these premiums can be deducted.

Authority is also requested to permit the recovery of these premiums during subsequent pay periods.

#### SCHEDULE F

##### ONE DOLLAR ITEMS WHICH AMEND ACTS OTHER THAN APPROPRIATION ACTS—1 ITEM

#### ENVIRONMENT

Vote L23b—To amend the Saltfish Act by raising the statutory borrowing limit of the Corporation from \$10 million to \$15 million.

Explanation—To provide for the normal expanding operations of the Canadian Saltfish Corporation. The Corporation is already close to its borrowing limit and any change in the factors of production and/or export conditions would affect the need for more working capital, particularly in the October peak pressure period.



# Minutes of Proceedings

Tuesday, March 23, 1976  
(31)

Pursuant to adjournment and notice the Standing Senate Committee on National Finance met this day at 3:30 p.m. to further consider the Supplementary Estimates (B) laid before Parliament for the fiscal year ending March 31st, 1976 and to consider the Main Estimates laid before Parliament for the fiscal year ending March 31st, 1977.

*Present:* The Honourable Senators Sparrow (*Deputy Chairman*), Barrow, Benidickson, Carter, Desruisseaux, Graham, Grosart, Hicks, Langlois, Smith (*Colchester*) and Yuzyk. (11)

*Present but not of the Committee:* The Honourable Senators Bourget and Smith (*Queens-Shelburne*). (2)

*In attendance:* Mr. J. H. M. Cocks, Director of Administration; Mrs. Helen Small, Parliamentary Centre.

*Heard in explanation of the said Supplementary Estimates from the Treasury Board:* Mr. R. L. Richardson, Assistant Secretary, Program Branch; Mr. E. A. Radburn, Director of Estimates Division; and Mrs. T. Melnyk, Program Branch.

After discussion, the question being put, it was *Agreed* to print as Appendix "A" to these proceedings various answers to questions asked by several Honourable Senators during the meeting of March 10th, 1976.

The Treasury Board undertook to furnish answers to questions on the said Supplementary Estimates (B) at the earliest possible time.

After discussion it was *agreed* to table the Report on the said Supplementary Estimates (B).

On motion of the Honourable Senator Langlois it was *agreed* that a First Report on the Main Estimates laid before Parliament for the fiscal year ending March 31st, 1977 be not dealt with now.

At 5:45 p.m. the Committee adjourned to the call of the Deputy Chairman.

ATTEST:

Gérard Lemire,  
*Clerk of the Committee.*

# The Standing Senate Committee on National Finance

## Evidence

Ottawa, Tuesday, March 23, 1976

The Standing Senate Committee on National Finance, to which were referred the Supplementary Estimates (B) laid before Parliament for the fiscal year ending March 31, 1976, and the main Estimates laid before Parliament for the fiscal year ending March 31, 1977, met this day at 3.30 p.m.

**Senator Herbert O. Sparrow** (*Deputy Chairman*) in the Chair.

**The Deputy Chairman:** Honourable senators, today we are continuing our look at supplementary estimates (B). At our previous meeting we had arrived at the point where we were to go through the estimates department by department. Before doing that, I wish to advise you that we had expected Mr. Bruce MacDonald to be with us today but he is ill and Mr. Richardson has been kind enough to take his place. With Mr. Richardson are Mr. Radburn and Mrs. Melnyk. Mr. Richardson tells me he has been away and is not as familiar with the supplementary estimates as he might wish to be, and he asks us to bear with him if he has to refer our questions to someone else.

If honourable senators do not mind, I should like also to make a general reference to the main estimates, because within a few days after we receive the supply bill with respect to supplementary estimates (B) I should like to present to the house a limited report on the main estimates to give senators the opportunity to discuss them while they are in committee. Although we may not get into detail on the main estimates today, I wanted the committee to know that I shall be making that type of report, unless there is some objection.

**Hon. Senators:** Agreed.

**The Deputy Chairman:** Mr. Richardson, do you wish to make an opening statement?

**Mr. R. L. Richardson, Assistant Secretary, Program Branch, Treasury Board Secretariat:** Mr. Chairman, I believe the minister has already been before the committee. I do not wish to add anything.

**The Deputy Chairman:** We will begin the questioning, then. Senator Benidickson, there are some questions you asked previously. Please feel free to ask any questions on any items or points you wish, senator.

**Senator Benidickson:** Thank you, Mr. Chairman. When we met last on March 10 I said I felt we should have some explanation of the \$1 items in Schedule C to the explanatory document which was given us at that time. My impression was that the \$1 items were rather vague and open-ended with respect to the total liability.

With respect to the other schedules, the ultimate dollar expenditure was reasonably definite. Some related to transfers within the department, and again the dollar

amounts of transfers were specifically stated. It is my impression, however, that with respect to Schedule E, and the three items appearing there, it is difficult to determine our ultimate liability.

Mr. MacDonald's office did indicate to me that with respect to these three items there had been examination in several committees of the House of Commons. I have read the transcripts of those committee hearings and feel that there is no need for repetition now, although other senators who have not seen them might wish to inquire further into those items.

I have read the reference to vote L16b of the Department of Energy, Mines and Resources, which is the first item on Schedule E. That was referred to the House of Commons Committee on Natural Resources and Public Works. The transcript of that committee's examination of the matter is contained in issue No. 56, dated March 9, of that committee's proceedings. It is a complicated matter, but I believe I have all the information I could hope for from the questions put to the minister, and there is no need to duplicate them at this time.

The second item on Schedule E is vote L37b of the Department of Industry, Trade and Commerce. That was referred to the House of Commons Committee on Finance, Trade and Economic Affairs. Information concerning it appears in issue No. 88, dated March 17, of that committee's proceedings.

However, when it comes to the third item on Schedule E, referring to the Treasury Board vote 20b, I understand that that was referred to the Miscellaneous Estimates Committee of the House of Commons. They held two or three meetings. I have looked at the transcripts of those meetings, but I cannot see that Mr. MacDonald and his staff were either asked for or gave any explanation of that, beyond what appears in the blue book or in Schedule E, to which I have referred, relating to this item. I believe a statement with respect to that would be welcome. It refers to payment of premiums of employee insurance plans for employees who are on a lawful strike and who do not receive remuneration during that period.

My question was based on the words "authority is requested to permit the recovery." It is not one about giving permission to recover but is rather: What is the likelihood of recovery? Is it a permissive matter, or are we likely to recover?

**Mr. Richardson:** It is recovered from payroll deductions from the employees once they are back at work again.

**Senator Benidickson:** So there is not likely to be any loss in connection with that?

**Mr. Richardson:** There should be no loss unless an employee quits once he comes off strike. If he ceases to be employed at that time, then there is no means of recovery.

**Senator Benidickson:** There were some questions I raised at the meeting on March 10, and just a while ago I received answers to two of them. One answer related to professional and special services in supplementary estimates (B). The other was with respect to what was the total amount of transfers related to the 29 \$1 items which appear in supplementary estimates (B). I believe the members of the committee have received a written copy of the answers provided to me, and I was wondering if those answers should be made an appendix to the transcript of today's proceedings.

I might point out that there was also provided earlier today an answer to Senator Carter's question with respect to transportation costs. I believe at the last meeting it was indicated that without incurring considerable expense the best figure could be obtained by simply looking back to the public accounts for an earlier year. This was provided with respect to travel expenses for 1974-75. I think that should also be made an appendix to today's proceedings.

**The Deputy Chairman:** On many occasions questions are answered after the hearings are over and those answers do not go into the record. Do you wish to make an exception in this case?

**Senator Benidickson:** I think they should be made an appendix. I have looked over the House of Commons procedure and I see that that seems to be done there. In addition, the Miscellaneous Estimates Committee of the House of Commons made the statement on \$1 items an appendix to its report. I think it is desirable. Many senators will not go back to the *Hansard* reports of House of Commons committee proceedings to obtain that information. I think it should be part of our record. It is not a long statement.

**The Deputy Chairman:** Is it agreed?

**Hon. Senators:** Agreed.

**Senator Benidickson:** Senator Yuzyk's answer was also provided to us a few minutes ago and that perhaps could go in as well.

**The Deputy Chairman:** Yes.

*(For text of appendix see pp 23.)*

**Senator Benidickson:** Mr. Chairman, I think a look should be taken at the delay in printing. It may be because we are having many committee meetings these days, but there is delay in the provision of our printed reports. Our meeting was held almost two weeks ago but the printed report only came into our hands this morning. I can report that the House of Commons printing with respect to supplementary estimates and the meetings on March 18 and 19 was available yesterday. It is very difficult to report to the Senate when we do not have the printed evidence of our committee work, and usually we are in a rush to pass the appropriation bill by a calendar deadline. I just throw that out because we are not getting the same rapid service in respect to printing as the House of Commons is getting.

**Senator Langlois:** Our printing is done after the House of Commons printing, and this has been the practice for years and years.

**Senator Benidickson:** But time after time we are asked to pass legislation, and we do not have the committee work in the hands of members of the committee who were not at the meeting, or even in the hands of members of the Senate as a whole, and so they do not know what committee work

was done. I feel that this is of particular importance in financial matters.

**The Deputy Chairman:** We will look into that, Senator Benidickson. Are there any further questions?

**Senator Benidickson:** No, not at the moment.

**The Deputy Chairman:** We are about to begin the department-by-department study of supplementary estimates (B), and unless there are specific questions on broad policy we will proceed on that basis.

**Senator Benidickson:** Are we to get a statement with respect to the third item on Schedule E of the \$1 items?

**The Deputy Chairman:** I am sorry, senator; I thought you had got that. Did you not get it?

**Senator Benidickson:** No, I did not. I asked for it because I could find no comments about it in the examination of the committee proceedings in the House of Commons.

**The Deputy Chairman:** I am sorry; I thought Mr. Richardson had answered that question.

**Mr. Richardson:** Perhaps you would wish me to add to what I said. Vote 20b is a request for authority on the part of the government to make payments of premiums for employees while they are on a lawful strike in order that they can continue their insurance programs, and at the same time it requests authority to recover those premiums from the employees once they have returned to work after the strike. So it should be a full cost recovery program. This is to ensure that the employees' insurance programs are not broken.

**Senator Benidickson:** I am sorry; you did answer that.

May I make one comment on the answer provided to my first question about the total amounted for professional and special services in the supplementary estimates? The answer in effect, was that they included a whole range of professional services from accounting, and legal and health, to a number of specialized services such as security. But I am interested in the item of temporary office help. I do not know what the practice may be in the public service as a whole, but I know we sometimes hire stenographers or other personnel on a temporary office help basis, and then they remain here for quite a little while. I do not know if this question of "temporary" is constantly under scrutiny by Treasury Board simply to assure that, while it is not a permanent appointment, "temporary" is temporary and is for a fairly short period of hiring.

**Mr. Richardson:** Yes, Mr. Chairman, this question arose previously. It is the same problem as you point out here, and that is that people are taken on for temporary employment and then continue without anyone checking on them.

**Senator Benidickson:** And this also avoids criticism for increasing the number of public servants.

**Mr. Richardson:** That is right. And a directive was given by Treasury Board that an employee hired on a temporary basis cannot remain in that employment for more than 30 days without coming back to Treasury Board for approval. So there is a continued audit on that.

**The Deputy Chairman:** Could we now proceed to the estimates, beginning with the Department of Agriculture? Are there any questions pertaining to that department? If



not, can we proceed to Communications? I should like to point out that I have no wish to rush honourable senators so, if at a later stage you would like to come back to any department, please feel free to revert to it.

**Senator Carter:** While we are on Communications, is there any new allocation here for the satellite we acquired a few months ago?

**Mr. Richardson:** That was provided for in the main estimates, senator.

**The Deputy Chairman:** Consumer and Corporate Affairs?

Energy, Mines and Resources?

Environment?

**Senator Benidickson:** On page 28, Vote L23b, there is a \$1 item. I did not stay for the entire meeting on March 10, but I know there was a discussion about using \$1 items in place of amendments to statutes. Is that, in effect, what we are doing here? Is this not a classic example of what should be done by way of opening a statute up and having a general debate when you raise the amounts of entitlement for borrowing? It is not a transfer; it is legislation. The function of the corporation involved was originally covered by statute, and we decided it would have a certain financial setup, and then we change it by a \$1 item in the estimates.

**Mr. Richardson:** I believe the reason for it was that the volume of production went up considerably more than expected. The need for the additional working capital is expected in the first half of 1976-77. The reason it is coming up in supplementary estimates is that if they ran into difficulty prior to the first supplementary estimates in 1976-77, or they have to come before Parliament to get an amendment to the act, it would interfere with the operations of the corporation.

**Senator Benidickson:** I think we have had a fair number of examples of that in the past, so we are more used to it. But there are other things that are a little more novel in the way of utilizing supplementary estimates to legislate.

**The Deputy Chairman:** Senator Graham, we are going through supplementary estimates (B), department by department. We are up to Environment. If there are any questions you wish to go back on, we shall be happy to accept them. We will now proceed to External Affairs.

**Senator Yuzyk:** Mr. Chairman, there is the question of grants on page 34. At the bottom of the page it says:

Grants in Lieu of Taxes on Diplomatic and Consular Properties in Canada in accordance with terms and conditions approved by the Governor in Council.

Are those terms and conditions available to us or are they statutory instruments?

**Mr. Richardson:** No, these would be by order in council; they would not be statutory.

**Senator Yuzyk:** Therefore they are available to us if we ask for them?

**Mr. Richardson:** Yes.

**Senator Carter:** Are these grants that we pay to a city in lieu of taxes on diplomatic and consular properties in Canada?

**Mr. Richardson:** Yes.

**Senator Benidickson:** Some consulates would be in cities other than in this city.

**The Deputy Chairman:** Would you repeat that question?

**Senator Benidickson:** I was making the comment that it is consulates as well as embassies, so some consulates would be in cities other than the capital. An agreement would have to be made with those particular cities.

**The Deputy Chairman:** Is that a federal government grant to the municipality in which that consulate is located?

**Mr. Richardson:** Yes.

**The Deputy Chairman:** Because the foreign consulates are not subject to local taxation?

**Mr. Richardson:** Where they are not subject to local taxation—there are consulates in Halifax, Montreal, Toronto, Vancouver—they would get an exemption from taxation from the municipality by a reciprocal agreement between the countries, and we would get the same treatment from their country. The federal government is providing a grant in lieu of taxes that would be received by the municipality.

**The Deputy Chairman:** Would this fall in the same category as all federal government buildings? As I understand it, the federal government pays the municipal rate of taxation for buildings in municipalities. Is that true in this case?

**Mr. Richardson:** I am not sure if I can answer that. In many cases we do give grants in lieu of taxes for federal government buildings. I do not know if it is universal.

**Senator Yuzyk:** Are these arrangements made with foreign governments by treaty or in other ways?

**Mr. Richardson:** No; they are by an exchange of letters between the two governments—a letter of understanding, not an official agreement.

**Senator Yuzyk:** From External Affairs?

**Mr. Richardson:** Yes.

**Senator Langlois:** These grants are negotiated with the various municipalities?

**Mr. Richardson:** Yes.

**Senator Graham:** They are not really negotiated, senator. To be absolutely correct, they are not negotiated. I think they reach an understanding, but there is no negotiation. Once the federal government authorities reach what they consider to be an acceptable figure, then that is the figure agreed upon. I do not believe it is negotiated. Isn't that so, Senator Smith?

**Senator Carter:** Is it a "take it or leave it" sort of business?

**The Deputy Chairman:** Senator Smith, I did not hear your question.

**Senator Graham:** Mr. Chairman, I asked Senator Smith, as a former minister of finance, and a former Premier of Nova Scotia, if the point I was making was not correct.

**Senator Smith (Colchester):** I was telling Senator Graham that I thought he was correct but that I was not prepared to say so with certainty.

**The Deputy Chairman:** We come now to the Department of Finance.

**Senator Carter:** With regard to grants under Finance, at the bottom of the page, why is it that they are not in the main estimates? Is this additional property acquired since the main estimates?

**Mr. Richardson:** These are adjustments that have come about. In other words, at the start of the year you estimate what the payments will be. There are a number of factors in each one which can vary. It is always in final supplementaries that you end up with either a plus or a minus in getting the final figure.

**Senator Benidickson:** Sometimes a new consulate or embassy is established after the main estimates are printed.

**Senator Carter:** But these are municipal grants.

**Senator Benidickson:** Takes for perhaps a new consulate...

**The Deputy Chairman:** Senator Benidickson, I believe that Senator Carter is dealing with page 38 under Finance.

**Senator Smith (Colchester):** Mr. Chairman. I was trying to figure out the relationship between the items under the heading, on page 40, "A—Department—Fiscal Transfer Payments Program," and the same heading on page 42. I suppose that those on page 40 refer to what they say, to payments made...

**Mr. Richardson:** On page 42 it explains how the figures on page 40 are arrived at. In other words, the \$37,905,000 is carried over and broken out showing the payments to each province.

**Senator Smith (Colchester):** At the top of page 42, those figures which are bracketed, does that mean that the provinces have been overpaid?

**Mr. Richardson:** Those are reductions.

**Senator Smith (Colchester):** That would be money to be recovered from the province—for instance, Newfoundland, \$6,300,000?

**The Deputy Chairman:** Would that be recovered or not paid?

**Mr. Richardson:** They are moneys not paid. In other words, this is really a balancing of the books at the end of the year. Those moneys would not have been paid until the end of the year. This is a record showing what adjustments would be made in the original main estimates.

**Senator Smith (Colchester):** I still do not follow that. I see that the figures on page 42 which are bracketed are deducted from the total which is apparently being asked for, namely \$41,740,000. That would indicate to me that the bracketed figures were to be recovered from some place or other.

**Senator Barrow:** Would they not be recovered from Payments under Part IV?

**Mr. Richardson:** Part IV is \$120 million. We were short in the estimates in payments to the provinces. On these

other payments we had over-estimated, and the result of correcting the over-estimates and the under-estimates is \$120 million. In other words, we over-estimated on a number of items to a total of 78 million and under-estimated on Part IV by \$120 million, leaving a net additional amount of \$41,740,000.

**Senator Smith (Colchester):** Talking again about Newfoundland, they are getting \$6.3 million less than it was estimated they would get?

**Mr. Richardson:** That is right, than we estimated at the start of the year.

**Senator Smith (Colchester):** Then Nova Scotia is getting \$11,700,000 more than was estimated, Manitoba \$13.5 million, and Quebec \$46 million less.

**MR. Richardson:** But no actual transaction is occurring.

**Senator Smith (Colchester):** I understand. That is, you need \$46 million less to pay Quebec than you thought you would a year ago, or when the estimates were made?

**Mr. Richardson:** That is right.

**The Deputy Chairman:** There would or could be payments to Quebec under the \$120 million.

**Mr. Richardson:** That is correct.

**Senator Smith (Colchester):** It was I who asked you to come back and you have. Thank you. Those are all my questions on that page.

**The Deputy Chairman:** Indian Affairs and Northern Development, beginning on page 48, Industry, Trade and Commerce, on page 56. Please do not let me rush you, honourable senators.

**Senator Benidickson:** On page 58, I would just point out to the committee, for those who have not had the advantage of looking at the House of Commons inquiries on these supplementary estimates (B), I think it was well to ask questions about the \$1 item that appears on page 58, because in effect that represents \$52 million of losses in these electronic enterprises, the losses to date, and that has been converted into preferred stock. Who knows what it is worth? I would think it is a repeat of the old CNR business, where losses were incurred and those losses were turned into equity, but they do not bear interest; there is no liability for the corporation to pay interest on this type of stock. So we are really equating that \$1 item with a \$52 million loss, so far, on CCI. It was stated that this is an agreement between Ontario and the federal government on the ratio of, I believe, two to one.

**Mr. Richardson:** The federal government has 40 per cent and the Ontario Government 17 per cent; it is close to two to one.

**Senator Benidickson:** I think the two of them have squared up to this, and instead of writing the thing off and closing it down they indicated to the House of Commons that they would like to turn it into simple stock and have a look at it six months hence.

**The Deputy Chairman:** Department of Justice.

**Senator Yuzyk:** Going back to page 60, the Two-Price Wheat Act, we have a supplementary estimate of \$186 million. Why could that not have been foreseen in the main estimates?



**Mr. Richardson:** The reason it was not put in the main estimates was that we could not put it in until the statute was passed. Provision was made in our planning for the amount of money but we could not ask Parliament to approve an amount of money until the statute had been put through the house. Consequently, we had to put it in as a supplementary estimate once the act was passed.

**Senator Benidickson:** That would also apply, I suppose, to the payment to the Federal Business Development Bank, on page 62.

**Mr. Richardson:** The same situation.

**Senator Benidickson:** Because the new legislation was passed after the preparation of the new estimates?

**Mr. Richardson:** Yes. The difference between the two, I guess, is that one is a voted budgetary item, the Federal Business Development Bank, whereas the other is a statutory payment; in other words, the payment is set out under the statute for two-price wheat, whereas under the Federal Business Development Bank Act each year funds will be voted for the operation of the bank.

**Senator Benidickson:** The statute says it will be an annual vote on a certain formula?

**Mr. Richardson:** Yes, for the two-price wheat the payments are formally set out in the statute. In the case of the Federal Business Development Bank, we will have to determine each year how much money we would request for them to operate. In that case that statute merely set up the bank, and subsequently it will be funded as required.

**Senator Yuzyk:** This will appear every year as a vote?

**Mr. Richardson:** Yes.

**Senator Carter:** On page 60 there is an item of \$4 million under "Contributions" for industrial development, for commercial shipping vessels. Is that to offset a deficit, or is that an expansion of the program for this year?

**Mr. Richardson:** I believe that is an expansion of the program. It is actually payments above and beyond what was estimated for in the year for this program; part of it is a catch-up, in the sense that commitments entered into in the previous fiscal year do not become due for payment as anticipated, so there is a bulge in this year's program of \$4 million.

**Senator Carter:** Does that mean they were paid out of the contingency fund and you are now reimbursing the contingency fund with this \$4 million?

**Mr. Richardson:** There was no advance from the contingency fund.

**Senator Carter:** These are just outstanding payments?

**Mr. Richardson:** These are outstanding payments that will now be paid when the final supplementaries are passed.

**Senator Carter:** On page 62 there is the Federal Business Development Bank, which has replaced the old Industrial Development Bank. Is that doing a much better job?

**Mr. Richardson:** I believe it would be too early to even attempt to answer that question, but the amalgamation of the Industrial Development Bank and the management counselling services previously provided under the Department of Industry, Trade and Commerce has been accom-

plished. The purpose, as I understand it, was to provide a more flexible organization which, in addition to providing a banking service, would extend the management counselling service.

**Senator Carter:** What is the relationship of the Federal Business Development Bank to the Bank of Canada? The IDB was a branch of the Bank of Canada.

**Mr. Richardson:** It is no longer a branch of the Bank of Canada.

**Senator Carter:** Is it a departmental bank then?

**Mr. Richardson:** It is a separate organization under the act.

**Senator Carter:** Is it responsible only to the department?

**Mr. Richardson:** It reports to the Minister of Industry, Trade and Commerce, whereas previously it was part of the Bank of Canada reporting to the governor of the Bank of Canada.

**Senator Carter:** Now it reports directly to the minister.

**Mr. Richardson:** To the minister, yes.

**Senator Benidickson:** Does anyone remember whether the new Federal Business Development Bank is, like the former Industrial Development Bank, a bank of last resort? In other words, under the provisions of the old Industrial Development Bank Act a borrower had to establish that he had already approached the normal banking system and had been turned down.

**Senator Langlois:** Yes, three times.

**Senator Benidickson:** Is the same system in effect for this type of bank?

**Senator Barrow:** That is true, yes.

**Senator Benidickson:** You are a former director of the Bank of Canada, senator, and you say that the same provision applies and that they must come to this bank only if the commercial banks have refused them.

**Senator Barrow:** That is right.

**Senator Graham:** In addition to the chartered banks, Senator Benidickson, they must also approach any of the other lending institutions before they can go to the Development Bank.

**The Deputy Chairman:** Is that in the act?

**Senator Graham:** It is my understanding that it is.

**Mr. Richardson:** The funds provided here are only the operating funds for the additional dimension of the bank: management, consulting and training. In other words, the banking part is on a self-recovery basis.

**The Deputy Chairman:** Next is the Department of Justice.

**Senator Yuzyk:** Mr. Chairman, in connection with the Law Reform Commission of Canada, there is a total budgetary \$1 item involving \$381,000. I wonder if we can have an explanation of that.

**Mr. Richardson:** The supplementary funds required for the Law Reform Commission were funded out of various votes in the Department of Justice and by this vote were



transferred over to pay the bills for the Law Reform Commission. In other words, rather than coming in for additional funds the Department of Justice had to find those funds within its own department and transfer them over. The \$1 vote is just to authorize the transfer between votes.

**Senator Yuzyk:** Do these funds balance in the end, or will we be faced with a deficit next year?

**Mr. Richardson:** No. The money, the \$381,000, will have been deducted from the Department of Justice's votes 5, 10 and 30 and added on to this one so that the books balance, except for the \$1.

**Senator Desruisseaux:** Why is the \$1 there at all?

**Mr. Richardson:** That is just the traditional \$1 which is the minimum amount which can be put in the estimates book to request parliamentary approval of the transfer of funds between votes. That is why the figure is \$380,999 and one dollar to balance the books, because it is \$381,000 which is required.

**Senator Yuzyk:** That makes it legal so that it would not be improper.

**Mr. Richardson:** In order to print the item for authority you have to put some amount of money in there and it is \$1.

**The deputy Chairman:** Are there any further questions? Department of Labour.

Department of Manpower and Immigration.

Department of National Defence.

**Senator Desruisseaux:** Mr. Chairman, a few weeks ago reports were published indicating that the Department of National Defence intended to purchase new long-range patrol aircraft. We were given to understand that the purchase would be financed directly through loans. Would such an arrangement be reflected in this blue book, the supplementary estimates (B)? The reason I ask that is that my understanding is that regardless of the budgetary situation the Department of National Defence could purchase the aircraft. Is that true or not?

**Mr. Richardson:** Mr. Chairman, a decision with respect to the purchase of the long-range patrol aircraft and the manner in which it has to be financed has not yet been taken in finality by the government. When that decision, if it is, is taken, then either funds will be provided directly through the estimates in the normal manner in the deficit budget or, if credit arrangements are made with the supplier, then such credit arrangements will be made in some manner, with the supplier providing some of the credit. But no decision has been taken on that at this point in time.

**Senator Desruisseaux:** If it is through credit, will the matter come back before us for authorization some time?

**Mr. Richardson:** Yes. Authority would be required at some point to handle the financing arrangements, once it is decided how they will be carried out.

**Senator Desruisseaux:** Thank you.

**Senator Benidickson:** What, if anything, is provided already in the tabled blue book of main estimates for 1976-77 for long-range patrol aircraft?

**Mr. Richardson:** Do you mean, if adequate funds are in the 1976-77 main estimates?

**Senator Benidickson:** Is there something in the book for long-range patrol aircraft?

**Mr. Richardson:** There is a capital budget for the Department of National Defence which gives parliamentary approval to expenditures of those funds on capital equipment for the department. Long-range patrol aircraft would fall into the same category as any other piece of equipment, such as tanks. The department would not have to come back to Parliament to seek authority with respect to the particular piece of equipment it would purchase. It would need to come back to Parliament only if it were seeking additional funds beyond those provided in the main estimates.

**Senator Benidickson:** Isn't this most unusual, when you are not asking for a vote or anything in the fiscal year 1975-76, to have this gratuitous comment at the bottom of page 76, where it says, "New Major Capital Projects—(Information only—no appropriation required)," and then you have under "Equipment", "Long Range Patrol Aircraft—\$1.061 billion." Apparently this is just dumped into this book of estimates without any requirement on our part, and I cannot figure any precedent for this kind of statement in a book of estimates. Perhaps it is a warning.

**Senator Smith (Colchester):** Well, it is a very prominent issue right now.

**The Deputy Chairman:** Of which \$11 million is for this budget.

**Mr. Richardson:** That is correct. There are some expenditures being incurred in preparation for the long range patrol aircraft, and the only reason for listing this at the bottom of the page is to ensure that the government is informing Parliament that that is what it is about.

**Senator Benidickson:** So what is the item of expenditure for 1975-76?

**Mr. Richardson:** It is \$11.037 million.

**Senator Yuzyk:** There is an explanation on page 76 of the activity to be supplemented and that comes to \$39 million under "Protection of Canada, North American Defence, Contribution to NATO", et cetera. Is this mainly to take care of inflation? because certainly much of this can be foreseen.

**Mr. Richardson:** As mentioned, \$11 million of that \$26 million is for the first stages of the purchase of long range patrol aircraft. There are other expenditures incurred in connection with the Olympics and some expenditures, I guess, result simply from inflation.

**Senator Desruisseaux:** How do you single out the Olympics in there?

**Mr. Richardson:** They come in as part of the operating expenditures of the department which are higher than would otherwise be expected. But you are looking at \$26 million net on a very large base.

**Senator Benidickson:** But there is nothing said in the detail about the Olympics.

**Senator Yuzyk:** Is it in the \$39 million?

**Senator Benidickson:** The detail is given. The gross is \$39 million, but there are transfers of unused amounts in the defence budget of \$12.999 million to reduce it to \$26 million. But when they give the gross detail of activity to be supplemented, there is no mention of the Olympics.

**The Deputy Chairman:** But does that not come under "Protection of Canada"?

**Mr. Richardson:** Yes. In other words, they have not detailed the specific items. I was just indicating some of the things that might give rise to higher costs within those items.

**Senator Desruisseaux:** But where does the RCMP come in?

**Mr. Richardson:** This comes under "Protection of Canada" and the Defence Act, and the RCMP would be under the Solicitor General.

**The Deputy Chairman:** There was an announcement some time ago pertaining to a National Defence language training school being built, and I think the figure mentioned was \$82 million. Are you familiar with that, and where would it appear?

**Mr. Richardson:** It would come into the department's budget. It is not in the supplementary estimates; it would be in the main estimates for next year. But I cannot answer on that specifically.

**Senator Desruisseaux:** There were questions asked in the Senate about the cost of Canadian Forces in the Middle East for peacekeeping purposes, and I cannot remember now what the answers were, so now I would like to know whether we have any expenses in connection with our peacekeeping forces in the Middle East in there; and, if so, where? If there are any, are they refundable? I thought such expenses were supposed to be paid by all members of the United Nations.

**Mr. Richardson:** There are no expenditures in the supplementary estimates for our peacekeeping forces, but the expenditures are incurred out of the provision made in the main estimates for 1975-76. There is an arrangement with the United Nations—and I do not know the specifics of it—for being reimbursed for at least some of the cost. I am not sure if it covers the entire cost or not.

**The deputy Chairman:** We come now to National Health and Welfare.

**Senator Smith (Colchester):** I should like to ask a couple of questions with relation to page 80. The first question relates to the top line, Vote 46b, which shows \$114 million payment into the Old Age Security Fund for purposes of the Old Age Security Act, and then there is a blank under "Previous Estimates". I presume that that means that \$114 million is the total budget required for the fiscal year for this purpose.

**Mr. Richardson:** No, that is the supplementary estimate.

**Senator Smith (Colchester):** But there is nothing under "Previous Estimates", which would indicate to me that there have not been any items authorized either in the regular estimates or in Supplementary Estimates (A).

**Mr. E. A. Radburn, Director, Estimates Division, Program Branch, Treasury Board Secretariat:** If I may, Mr.

Chairman, I shall attempt to answer that. The amount as shown here is to write off the deficit shown as at June 30, 1975. From that point on, the item has now become and will remain a budgetary item in the main estimates, so that in 1976-77 you will see the full cost as an item in the main estimates. But prior to this point it has been kept out of, or it has not been shown as part of, the main or supplementary estimates.

**Senator Smith (Colchester):** Perhaps it is because I do not know enough about the system of accounting, but I am afraid I did not follow that. Parliament is being asked to authorize the expenditure of \$114 million for payment into the Old Age Security Fund. However, I did not catch the explanation given for that request for authority.

**The Deputy Chairman:** He stated that there was a deficit in the fund, that this amount is to make up that deficit. Prior to the year 1976-77, the Old Age Security Fund did not appear in the main estimates. He told us that full details of that fund would now be appearing in the main estimates.

**Senator Smith (Colchester):** My point is that this is the only sum required to be placed in that fund out of the Consolidated Revenue Fund for the current fiscal year. Is that correct?

**Mr. Radburn:** There has been a separate account. This represents the excess payments out of the fund over revenues that went into the fund.

**Senator Smith (Colchester):** I understand there is a separate fund. We pay enough into it. I am asking if that fund has been sufficient in the current fiscal year to meet all the requirements that must be met by the Old Age Security Fund, except \$114 million.

**Mr. Radburn:** Yes.

**Senator Benidickson:** What happens to the deficits of previous years? Are they under the heading of advances or loans?

**Mr. Radburn:** You may recall that there was an item in last year's final supplementary estimates. The eventual expenditure was in the order of \$350 million, which brought the account down to zero as at the end of last year. This is the amount that brought the account down to zero and from this point on it is under a new accounting system.

**Senator Benidickson:** And that \$350 million was accumulated over the years and was included in last year's estimates?

**Mr. Radburn:** I am not sure if it was accumulated, but it was the amount forecast as at the end of last year.

**Senator Smith (Colchester):** May I inquire what was said about 1976-77?

**The Deputy Chairman:** Would you repeat what you said about the items being in the main estimates?

**Senator Smith (Colchester):** Yes.

**Mr. Radburn:** Starting in 1976-77, the amount is shown in the estimates under the estimates of National Health and Welfare. Hitherto the separate account was the reason why it was not brought into estimates up until this point in time.

**Senator Benidickson:** How much is it for 1976-77?



**The Deputy Chairman:** While Mr. Radburn is looking that up, there still could be in theory an additional amount in supplementary estimates.

**Mr. Radburn:** The amount appearing in the 1976 main estimates is, at this point in time, the full amount forecast for 1976-77. If there is a turn of events either up or down, there could be an excess. If there is a shortage, there could be an underage. But the amount at this particular point of time and henceforth is statutory in nature. It would appear in future supplementary estimates either up or down if the forecast now in the main estimates proved in the event to be out.

**Senator Langlois:** In the minister's statement before the committee, he explained that this item of \$140 million was to cover the final deficit in the Old Age Security accounts.

**The Deputy Chairman:** There was a question asked about the full amount.

**Mr. Richardson:** The Old Age Security payments are \$3,354,000,000 and the Guaranteed Income Supplement is \$1,051,000,000. That is the estimate.

**Senator Smith (Colchester):** There is an item on the same page, about halfway down, "Activity to be Supplemented, Social Assistance, \$121 million." At the bottom of the page, under "Grants and Contributions," there is, opposite the letter "(S)—Canada Assistance Plan—Payments to the provinces, ... including residual payments under the Unemployment Assistance Act." How is that total of \$107 million opposite the letter (S) broken down between payments to the provinces under the Canada Assistance Plan, as generally recognized formerly, and for residual payments under the Unemployment Assistance Act?

**Mr. Richardson:** I am not sure that I can answer that question.

**Senator Smith (Colchester):** I wonder if it would be difficult to obtain.

**Mr. Richardson:** We do not have the breakdown of that figure. Most of it is under the Canada Assistance Plan. I do not know if we have that breakout or whether we can obtain it. It is not in the main estimates either.

**Senator Smith (Colchester):** I suppose there must be some record of the residual payments made under the Unemployment Assistance Act.

**The Deputy Chairman:** Is the information obtainable?

**Mrs. T. Melnyk, Office of the Deputy Secretary, Treasury Board Secretariat:** It is about \$60,000; it is a very small amount.

**Senator Benidickson:** At page 80, it would seem that Family Allowance payments would be \$45 million less than calculated in the main estimates or supplementary estimates (A). Is that a consequence of eliminating the escalation or indexing of Family Allowances for three months of 1975-76?

**Mr. Richardson:** That is right; the last quarter eliminated the index.

**Senator Benidickson:** The statute was amended and there will not be indexing as previously contemplated?

**Mr. Richardson:** That is right.

**Senator Smith (Colchester):** I refer to "Office of the Administration—Anti-Inflation," on page 84, under National Revenue. I am a little puzzled about the items under Manpower. "Total Man-Years Authorized" comes to four and "Planned Continuing Employees on March 31, 1976" comes to 16. I do not know the significance of those figures.

**Mr. Richardson:** The man-years are on a 12-month basis. This is for one quarter, and is four man-years.

**Senator Desruisseaux:** At page 82, item B, there is authorization for "deletion from the accounts of certain debts due and claims by Her Majesty". Are those debts to do with income tax?

**Mr. Richardson:** Those are debts from unpaid income tax which are no longer considered collectible.

**Senator Benidickson:** You have a committee to determine which debts should be eliminated?

**Mr. Richardson:** That is correct.

**Senator Benidickson:** Is it interdepartmental?

**Mr. Richardson:** Yes.

**The Deputy Chairman:** We come now to Parliament, on page 84.

Privy Council.

Public Works, page 88.

**Senator Desruisseaux:** On page 88 I see a reference to fire prevention and protection services. Is that for the buildings?

**Mr. Richardson:** The \$7,500 is a grant to the Canadian Association of Fire Chiefs. It is matched by an equal contribution from the provinces.

**Senator Desruisseaux:** Thank you.

**The Deputy Chairman:** Is that a new program, a new grant?

**Mr. Richardson:** I am not sure whether that grant has ever been paid before, but it was not planned that it should be paid in the main estimates, and that is why it is listed here separately, for authority.

I understand, Mr. Chairman, that it is an annual grant, because it is in the 1976 main estimates; so this would be a supplementary grant beyond, I believe, what was in the 1975 section.

**The Deputy Chairman:** What is the total in the estimates for the coming year?

**Mr. Richardson:** \$25,000. So this \$75,000 is obviously a supplementary to what was mentioned in 1975.

**The Deputy Chairman:** For a new program half way through the year, or something?

**Mr. Radburn:** The amount on the 1975-76 estimates is \$5 million.

**The Deputy Chairman:** For the total of fire prevention?

**Mr. Radburn:** No, no, I beg your pardon. I must withdraw that. There is nothing in the main estimates for 1975-1976, and perhaps the reason was to wait to see if the provinces did match before making the actual grant.

**The Deputy Chairman:** Regional Economic Expansion.



**Senator Graham:** I would be interested in knowing, for historical reasons, if you have any kind of a breakdown for the Cape Breton Development Corporation.

**The Deputy Chairman:** In terms of its financial situation?

**Senator Graham:** No. I am looking at this item you have listed here, "Rationalization of the Coal Industry." You have a reference to "capital expenditures for rehabilitating and developing its coal and railway operations," then "losses incurred in the operation and maintenance of the coal mining," and then "grants to municipalities". Is that all the information you have there?

**Mr. Richardson:** The only other details that I have, senator, are the increased cost of the coke preparation plant project, which was beyond what was estimated—\$2.5 million. The \$6.4 million is increased losses from mining operations due to reduced production because of a major fire in one colliery, together with other labour problems, as far as I can gather. Some of those funds were offset, I believe.

**Senator Graham:** The over-estimate with regard to the coal washing plant was \$2.5 million.

**Mr. Richardson:** Yes. It is a cost over-run.

**Senator Graham:** Is that just for the year, or a projected cost for the year, or for the total cost of the project?

**Mr. Richardson:** It is the cost over-run, over what we estimated in this final year of finishing the plant; but I think it is on the total cost of the plant.

**Senator Smith (Colchester):** With reference to that last item at the bottom of page 94, "To authorize the transfer of \$2,500,000 from Regional Economic Expansion Vote 30, Appropriation Act No. 3, 1975," I wonder what that vote is.

**Mr. Richardson:** That is a transfer from the Department of Regional Economic Expansion to the Cape Breton Development Corporation. Vote 30 is the industrial development activity in Regional Economic Expansion. That would be where the original development centre is at.

**Senator Smith (Colchester):** Yes. I understand. Thank you.

**The Deputy Chairman:** Secretary of State.

**Senator Smith (Colchester):** Mr. Chairman, vote L21b, "To authorize advances to the Canadian Broadcasting Corporation", and so on, "to provide educational television facilities to provincial authorities..."

**The Deputy Chairman:** Page 96.

**Senator Smith (Colchester):** Is that equipment, or construction of a station, or what is it?

**Senator Barrow:** It is shown on the next page.

**Mr. Richardson:** It is essentially equipment for the CBC.

**Senator Smith (Colchester):** That item of \$1,555,000, on page 98, for special programs, is equipment, is it?

**Mr. Richardson:** According to the information I have, senator, it is a loan to the CBC for capital expenditures for education and communication in connection with the installation of an antenna on the CN Tower in Toronto.

**Senator Smith (Colchester):** I see. Thank you.

**Senator Benidickson:** Is it a loan? Will it ever be paid back?

**Senator Carter:** Not by the CBC!

**The Deputy Chairman:** Are there any further questions on Secretary of State?

**Senator Benidickson:** I think it is a very confusing item; I think it is misleading language on page 98. If this is for equipment on the CN Tower in Toronto, I do not see anything that gives parliamentarians a hint as to what it is for. It refers to "Special Programs", taking up \$1,555,000. I think this is a very offensive way of presenting expenditures to members of Parliament. If, in essence, it is equipment on the new CN Tower in Toronto, there is not a hint on that page to that effect. We have to ask the question and we get something from the witness' black book.

**The Deputy Chairman:** That is the \$1,555,000 figure we are talking about, is it?

**Mr. Richardson:** Yes.

**Senator Benidickson:** It is called "Special Programs", and I was going to ask what these programs are.

**Senator Bourget:** Is it explained in the main estimates?

**Senator Benidickson:** These are additional. The main estimates would probably only indicate the programs for the expenditures proposed in the main estimates. This is additional. We can assume they are new programs. They may be unanticipated expenditures relating to the original program. On the other hand, we are told that it has something to do with equipment.

**Mr. Richardson:** The advance is due to equipment. I appreciate the figure is confusing.

**Senator Benidickson:** Where do you get the word "advance"?

**Mr. Richardson:** Vote L21b is the advance for capital equipment, the authority to advance to the CBC. On page 98, as I understand it, there are both a whole series of supplementary requirements as well as offsets within the funds available. They are for other programs and activities in the department, including the \$500,000.

**Senator Benidickson:** We can understand the grant of \$500,000, but it is the gobbledegook in connection with all the other items, particularly the explanation on page 98.

**The Deputy Chairman:** Do you figure that the CN Tower equipment is actually taken into that breakdown? I appreciate what you are saying, Senator Benidickson, if the majority of that figure is for that project.

**Senator Benidickson:** On page 96 they talk about capital costs, but when we look at the detail it does not seem that there is very much relationship to capital cost. There is a reference to capital, which is "Construction and Acquisition of Machinery and Equipment," to the extent of \$35,000 only, out of a gross of \$1,605,000.

**Mr. Radburn:** The table headed "Objects of Expenditure" is a classification of budgetary expenditures and the net amount is zero in thousands; in other words, down to \$2 when it is brought down to dollars. The non-budgetary, which is loans, investments and advances, is not included, nor is it classified as "Objects of Expenditure," because it is not an expenditure in that normal sense, it is an

advance. In the table "Activity to be Supplemented," however, it is brought in and has been added into the "Special Programs" activity of the Arts and Culture Program, because it is part of the cost of that program. However, you will not find the non-budgetary classified according to the objects of expenditure by the very nature of it.

**Senator Benidickson:** It is very misleading and very unhelpful as it is set out on these two pages.

**The Deputy Chairman:** Many of the programs are spelled out, though, in the estimates, as to what the grants and loans are for. You are saying in this particular case it is not.

**Mr. Radburn:** No, I am not. What I am saying is that in every case a grant or a contribution is detailed in the additional information tabled, and you have that information before you. What I am saying is that for the "Objects of Expenditure" table, which is a breakout of budgetary expenditures by the various objects which you see in the finer print, this breakout is not provided anywhere in the estimates because it does not lend itself to this breakout, so it is not so classified for non-budgetary. It is either a loan, an investment or an advance, which is the meaning of non-budgetary, and that is not classified by definition according to "Objects of Expenditure."

**The Deputy Chairman:** But we get an explanation that part of that cost was for the CN Tower. Where did you find that figure?

**Mr. Radburn:** It is in the vote wording.

**Senator Benidickson:** It seems to me that the details under "Objects of Expenditure", which total \$905,000, are really the details of less funds available within this program. It is the same amount.

**Mr. Radburn:** That is because on the budgetary expenditures there is no new requirement in terms of thousands of dollars; the gross budgetary requirement is \$905,000; the non-budgetary requirement is \$700,000 for a gross of \$1,605,000. The funds are available on the budgetary side, \$905,000, leaving only the non-budgetary amount to be voted.

**Senator Carter:** Did you say that the CN Tower would be part of a special program? If it is included under "Special Programs" there must be some justification for it. How did it form a part of that program?

**Senator Barrow:** Surely what they are saying is that \$700,000 is an advance to the Canadian Broadcasting Corporation, and the details of what was done with that advance will be shown in the reports of the Canadian Broadcasting Corporation.

**The Deputy Chairman:** That may be what they are saying, but I am not sure that is answering the question. I think that in other instances we have received greater detail on grants and loans. Is that not what you are saying?

**Senator Carter:** It does not answer the question as to what the extra \$1,555,000 is required for, what kind of program. If it is under "Special Programs," what are the programs?

**Mr. Richardson:** The \$35,000 is not the same figure as for the \$700,000.

**Mr. Radburn:** The \$1,555,000 has been added to the special programs, which already had \$7,800,000 in it from

the main estimates. In that \$1,555,000 is \$700,000 for this advance. The residual of \$800,000 is a variety of things, I believe. However, we can give you the description of the Special Programs of Arts and Culture, which form the parameters of the activities, which might make it clear.

**Senator Carter:** I am attempting to relate in my mind that kind of program would include the building of the CN Tower, because that is what we are making the advance for, apparently.

**Senator Langlois:** It is not for the building of the tower; it is for antennae.

**Senator Carter:** Yes, it is for the antennae. It is an educational program; education falls under the province and the Province of Ontario has its own radio and television facilities. What is the tie-in with all that?

**Mr. Richardson:** The Special Programs are:

Administration of support programs which are complementary to or outside the terms of reference of the cultural agencies including support grants to national service organizations and to film festivals in Canada; promotion of Canadian films abroad through the Film Festival office; administration of cinematographic co-production agreements with foreign countries; organization and co-ordination of national ceremonies, events and celebrations; in consultation with the department of External Affairs, support of international conferences of a cultural nature held in Canada.

I do not know whether that comes to your point.

**Senator Carter:** I do not see any connection between these programs and an antenna on the CN Tower.

**Mr. Richardson:** All it says here, senator, if I understand it correctly, is to give them an advance to put the antenna on the CN Tower.

**Senator Carter:** What is the justification for including it under "Special Programs"?

**Mr. Richardson:** It is under the general Arts and Culture program, yes.

**Senator Carter:** But it is not for the program; it is for equipment.

**Mr. Richardson:** Yes, but you cannot have the program without the equipment.

**Senator Carter:** What program requires this equipment? That is my point.

**Mr. Richardson:** I suppose all programs of the CBC. They must have an antenna on the CN Tower to replace the antenna, if I understand it correctly, that was in place elsewhere.

**Senator Carter:** No, but they are providing educational facilities to the provincial authorities; they are not using it themselves.

**Mr. Richardson:** All I can do is go back and look at the act.

**Senator Carter:** We have spent sufficient time on it, and I do not believe we will get any more enlightenment.

**The Deputy Chairman:** Would you like a little more detailed information with respect to that program?



**Senator Carter:** Yes.

**Senator Benidickson:** Yes, if anything can be forthcoming. The material provided us originally in the blue book is confusing.

**The Deputy Chairman:** Are there further questions?

Solicitor General.

Supply and Services, page 110.

**Senator Barrow:** What is meant by "publishing Revolving Fund" on page 110, under Supply and Services?

**Mr. Richardson:** This is the Publishing Revolving Fund under which all the government publications are produced by what was the Queen's Printer. It operates under a fund which is supposed to recover its costs, with a small subsidy. These are losses which they have incurred in being reimbursed for losses on the fund. This was under Information Canada and is now back under Supply and Services.

**Senator Barrow:** Is the Expositions Revolving Fund the same thing?

**Mr. Richardson:** Yes, the Expositions Revolving Fund was also under Information Canada. It is the organization to assist in producing trade fairs and exhibits.

**The Deputy Chairman:** Do all the previous functions of Information Canada now come under the Department of Supply and Services—the book stores and so on?

**Mr. Richardson:** Those functions which have been retained. The main ones are the Expositions Revolving Fund and the printing arrangement. They have gone to the Department of Supply and Services, but most of the department no longer exists. In other words, the inquiry information service has been suspended.

**The Deputy Chairman:** And the book stores?

**Mr. Richardson:** The book stores are still in operation and come under the publishing part of Supply and Services.

**Senator Carter:** Ten million has already been provided for this, and this brings it up to \$11,959,113—almost \$12 million. Is that the total deficit? Is all that figure a deficit?

**Mr. Richardson:** No, that wording is broken out again to unsolicited proposals for research and development, to provide a further amount of \$1.959 million. The Publishing Revolving Fund is being supplemented to the extent of \$1.109 million, and the Expositions Revolving Fund by \$850,000.

**The Deputy Chairman:** Are there any further questions?

**Senator Desruisseaux:** Mr. Chairman, on page 122, under Transport, there is a payment under vote 63b to the Canadian National Railway Company of \$35 million, and then below that there is another reference to "Activity to be Supplemented" \$35 million.

**Senator Barrow:** That is simple repetition.

**The Deputy Chairman:** It is simply the explanation of the expenditure, senator.

**Senator Desruisseaux:** Thank you.

**Senator Smith (Colchester):** What is it for?

**Mr. Richardson:** It is the operating deficit after paying interest.

**Senator Desruisseaux:** On page 124, again under Transport, under "Statutory," there are "Payments to Railway and Transportation Companies of amounts determined pursuant to the provisions of the Railway Act," and so on, amounting to \$39.7 million for this supplementary estimate. How many other payments are there that we pay to the CNR that are not shown as going through the company?—Because this is the payment in connection with the Railway Act.

**Senator Barrow:** It is not just the railway company. It is to the CNR and to transportation companies.

**Senator Desruisseaux:** But we do not know how much was paid. Maybe half of it or more was paid to the CNR.

**Mr. Richardson:** These payments are under several different parts of the act, senator. One was the decision of the government to support uneconomic branch lines in order to keep them in existence. We subsidize that. Another was that some branch lines were suspended and there was compensation then paid to the trucking companies whose business was thereby affected at that time.

**Senator Desruisseaux:** So they receive that and it goes into their accounting before they get to a deficit of \$35 million. Thank you.

**Senator Benidickson:** I notice the total for the year is \$320.7 million.

**Senator Smith (Colchester):** I notice under "Contributions" that there is a "payment of Operating Subsidies to Regional Air Carriers" of \$495,000. Is there a list of those carriers available, or could we obtain the amounts paid to each of them?

**Mr. Richardson:** The two carriers are Quebecair and Eastern Provincial Airways.

**The Deputy Chairman:** Do you want a further breakdown or are you satisfied with that?

**Senator Smith (Colchester):** That is good enough, thank you.

**Senator Benidickson:** Would some other companies receive subsidies under the previous estimates in the main estimates?

**Mr. Richardson:** It is possible.

**The Deputy Chairman:** Of the original \$59 million, you mean?

**Senator Benidickson:** Yes. How much of that is for subsidization of regional air carriers?

**Mr. Richardson:** The amount provided in the 1976-77 main estimates is \$2 million for payments to regional air carriers. That is our estimate of next year's expenditure under the same item. The \$59 million is not for regional air carriers. That is Canadian Transport Commission—contributions, vote 85b. That item includes all of the subsidies paid under the CTC for the ferry services and other such transportation systems.



**Senator Benidickson:** Is this the first time we have included in vote 85b a payment of subsidies to regional air carriers?

**Mr. Richardson:** No. Two million dollars was provided last year for the same purpose. This \$495,000 is on top of that \$2 million. In other words, the 1975-76 main estimates contain an item of \$2 million so that the supplementary estimate you are looking at is in addition to the \$2 million. The forecast for 1976-77 is at this point in time \$2 million.

**The Deputy Chairman:** So you are back to the \$2 million figure again.

**Mr. Richardson:** Right.

**The Deputy Chairman:** Is there any designation of where that \$2 million goes?

**Mr. Richardson:** We have no breakdown of the \$2 million, no.

**Senator Benidickson:** Can you give us an explanation of vote 99b? What is the function and purpose of the Keewatin Resupply operation?

**Mr. Richardson:** That \$800,000 vote is to pay for the costs at Keewatin to offset the rates that were agreed to for the Port of Churchill so that the handlers would not be penalized as a result of the decision to hold down rates at Fort Churchill. This is a new program which arose in 1975. Prior to that, the handling of this was done by the Minister of Transport. It is now being transferred to the Northern Transportation Company Limited.

**Senator Yuzyk:** If I may just follow that through, there are several items in connection with pilotage authorities, specifically, items "E", "F", "G", "H", and "I", all of which are sums under the supplementary estimates. Nothing, however, is shown under the column "Previous Estimates" in any of those cases. Does that mean that all of these are entirely new projects just commencing and, therefore, do not appear in the main estimates?

**Mr. Richardson:** The government took the decision that it would try to put all of these pilotage authorities on a self-recovery basis; in other words, that they would stop incurring deficits. The government instructed the pilotage authorities to set their rates and cut their costs in such a way that they would break even. With that determination in mind, the pilotage authorities were not provided with funds to cover deficits. The funds that are provided in supplementary estimates (B) are the extent to which the break-even target was not achieved.

**Senator Yuzyk:** These sums run into the millions of dollars.

**Mr. Richardson:** This is the shortfall.

**The Deputy Chairman:** They did not listen too well.

**Senator Yuzyk:** What can we do to make them toe the line?

**Senator Langlois:** They would have to raise the pilotage rates.

**Mr. Richardson:** The rates would have to be raised, yes.

**Senator Barrow:** There have been Canadian Transport Commission hearings over the past several months with respect to rate changes.

**Senator Yuzyk:** Hopefully, these will not appear in the next estimates.

**Mr. Richardson:** A number of rates have been increased, but the extent to which the books will be balanced remains to be seen.

**Senator Carter:** It is almost impossible to forecast these things, because it depends a great deal on the traffic handled. The pilotage authorities have no control over the traffic.

**Senator Langlois:** There are many factors involved.

**The Deputy Chairman:** If there are no further questions on Transport, we will move to Urban Affairs.

**Senator Yuzyk:** Dealing with item "D" on page 138, Urban Affairs, vote 40b—Canadian Habitat Secretariat, that is a one-shot affair, is it?

**Mr. Richardson:** It is set up for that one occasion in Vancouver.

**Senator Yuzyk:** Therefore, it will not be in next year's estimates?

**Mr. Richardson:** I am not sure whether there are some funds provided for the next fiscal year.

**Senator Yuzyk:** Is it anticipated that we will suffer a deficit? There is the possibility of suffering a deficit, is there not?

**Senator Benidickson:** By way of additional costs, you mean?

**Mr. Richardson:** There was \$3.7 provided for this item.

**Senator Yuzyk:** And we will have an accounting next year?

**Mr. Richardson:** There will be a very large account next year, \$6.6, and then, presumably, it will disappear.

**Senator Yuzyk:** Hopefully.

**The Deputy Chairman:** Are there any questions on Veterans Affairs? If not, on behalf of the committee, I should like to thank our witnesses for being with us today. I might say, Mr. Richardson, that you did very well in answering the questions in view of the fact, by reason of being away, you were not too familiar with the material. I want to thank, too, Mr. Radburn and Mrs. Melnyk for being with us this afternoon.

Before asking for a motion to report supplementary estimates (B) to the Senate on your behalf, honourable senators will recall that there were one or two things to be discussed in connection with the draft report. I propose now to have the draft report distributed so that the matter can be dealt with and the report can be submitted to the chamber.

We will continue *in camera* to consider the report.

The committee continued *in camera*.

## APPENDIX "A"

Reply to question asked by Senator Carter during the appearance of the President of the Treasury Board before the Standing Senate Committee on National Finance on March 10, 1976 regarding Supplementary Estimates "B" 1975-76

## Question:

1. What proportion of the Transportation and Communication object of expenditure is spent on travel?

## Reply:

1. The Transportation and Communication object of expenditure groups the expenditures of government programs on postage, parcel post, telephone, telegraph and other related expenditures. Travel costs of public servants and non-public servants are also included. Public servants' travel cost annually account for approximately 40% of the total object of expenditure.

The Public Accounts for 1974-75, the most recent figures on actual expenditures available, indicate the following breakdown for the Transportation and Communication object of expenditure:

	<u>\$ Million</u>	<u>Percent of Total</u>
<b>02 TRANSPORTATION AND COMMUNICATION</b>		
Travel		
Travel of Public Servants	203.6	41.7
Travel of Non-Public Servants	20.3	4.2
	<u>223.9</u>	<u>45.9</u>
Transportation		
Transportation of Things (Except by Mail)	141.7	29.0
Parcel Post	2.2	.5
Postage (except Parcel Post)	26.1	5.3
	<u>70.0</u>	<u>34.8</u>
Telephone, Telegraph & Misc. Communication		
Telephone	52.9	10.8
Telegraph Cable & Wire-less Communications	37.1	7.6
Other Communication Services (Courier, etc.)	4.2	.9
	<u>94.2</u>	<u>19.3</u>
<b>TOTAL Object 02</b>	<u>488.1</u>	<u>100.0</u>

Reply to questions asked by Senator Benedickson during appearance of the Treasury Board before Standing Senate Committee on National Finance on March 10, 1976, regarding Supplementary Estimates "B" 1975-76

## Questions:

1. What is the total amount provided for professional and special services in these Supplementary Estimates?

What is the number of man-years involved?

2. What is the total amount transferred by \$1 items?

## Replies:

1. The professional and special services object of expenditure refers to all services performed by individuals or organizations outside a particular program. The object is frequently misinterpreted to mean the cost of services provided by consultants i.e. management consultants, engineering consultants, research studies, etc. In effect it includes a whole range of professional services from accounting, legal and health services to a number of 'specialized' services such as security, temporary office help, building cleaning, etc.

The largest component of expenditures under this category (approximately 40%) arises out of training and educational payments to provinces under the Adult Occupational Training Agreements. Temporary office support is another large component, accounting for about 30% of the expenditures. Accounting, legal and engineering contracts account for about 10% while management consulting costs make up about 8%.

These Supplementary Estimates provide \$19.1M for the professional and special services category or about 2% of the total Supplementary Estimates. More than half of this amount, \$10.2M, is allocated for payments to the provinces under the Adult Occupational Training Agreements. The balance (\$9m) is distributed among a number of special services performed by individuals or organizations outside a particular program such as:

- accounting services
- legal services
- scientific services
- training and educational services
- health and welfare services
- protection services
- management consulting
- data processing
- other business services

These resources are not provided to replace full-time positions in the public service. They involve primarily the provision of services such as protection services, health and welfare services, etc., which otherwise cannot be provided within the public service. A relatively small proportion of the funds is provided to supplement existing man-years on a short-term basis.

2. The total amount transferred by \$1 items in these Supplementary Estimates is \$72.4M.

Reply to question asked by Senator Yuzyk during the appearance of the President of the Treasury Board before the Standing Senate Committee on National Finance on March 10, 1976 regarding Supplementary Estimates "B" 1975-76

## Question:

1. What numbers of Chilean and Vietnamese immigrants have been trained under the funds provided by these Supplementary Estimates?

## Reply:

1. Out of the \$10.8M provided in the Manpower & Immigration Vote 5b, \$1.7M is attributable to the language training costs of approximately 1100 Chilean and Vietnamese refugees. Most of the refugees, about 90%, were Vietnamese.







Government  
Publications

FIRST SESSION—THIRTIETH PARLIAMENT

1974-76

# THE SENATE OF CANADA

PROCEEDINGS OF THE

STANDING SENATE COMMITTEE ON

# NATIONAL FINANCE

The Honourable DOUGLAS D. EVERETT, *Chairman*  
The Honourable HERBERT O. SPARROW, *Deputy Chairman*

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Issue No. 32

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THURSDAY, MAY 20, 1976

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Proceedings on:

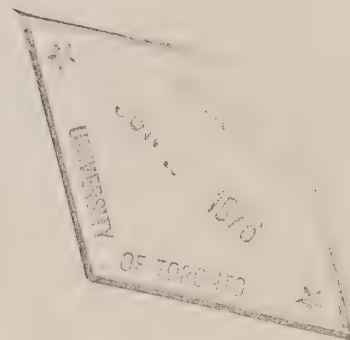
The Main Estimates laid before Parliament for the  
fiscal year ending March 31, 1977

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REPORT OF THE COMMITTEE

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(Witnesses—See Minutes of Proceedings)



STANDING SENATE COMMITTEE ON  
NATIONAL FINANCE

The Honourable D. D. Everett, *Chairman*;

The Honourable Herbert O. Sparrow, *Deputy  
Chairman*.

The Honourable Senators:

Barrow	Hicks
Benidickson	Langlois
Carter	Manning
Côté	Neiman
Croll	*Perrault
Desruisseaux	Prowse
Everett	Robichaud
*Flynn	Smith ( <i>Colchester</i> )
Giguère	Sparrow
Graham	Yuzyk
Grosart	

20 Members (Quorum 5)

\**Ex officio* members

# Order of Reference

Extract from the Minutes of the Proceedings of the Senate of Thursday, 19th February 1976:

With leave of the Senate,

The Honourable Senator Langlois moved, seconded by the Honourable Senator Perrault, P.C.:

That the Standing Senate Committee on National Finance be authorized to examine and report upon the expenditures proposed by the Estimates laid before Parliament for the fiscal year ending the 31st March, 1977, in advance of bills based upon the said Estimates reaching the Senate.

The question being put on the motion, it was—  
Resolved in the affirmative.

Robert Fortier,  
*Clerk of the Senate.*



# Minutes of Proceedings

Thursday, May 20th, 1976  
(32)

Pursuant to adjournment and notice the Standing Senate Committee on National Finance met this day at 9:30 a.m. to consider the Main Estimates laid before Parliament for the fiscal year ending March 31, 1977.

*Present:* The Honourable Senators Sparrow (*Deputy Chairman*), Barrow, Carter, Croll, Grosart, Hicks, Neiman, Robichaud and Smith (*Colchester*). (9)

*Also present:* The Honourable Senators Cottreau, Asselin.

*In attendance:* Mr. J. H. M. Cocks, Director of Administration; and Mrs. Helen Small, Parliamentary Centre.

*Heard in explanation of the said Main Estimates from the Treasury Board:*

The Honourable Jean Chrétien, President

Mr. B. A. MacDonald, Deputy Secretary, Program Branch

*Also present but not heard:*

Mr. E. Stimson, Estimates Division

Mr. Ian M. Galbraith, Analyst in Office of Deputy Secretary, Program Branch.

The Treasury Board undertook to furnish answers to questions on the said Main Estimates at the earliest possible time.

It was *agreed* to submit the Report of the Committee to the Steering Committee before presenting it in the Senate.

At 12:40 p.m. the Committee adjourned to the call of the Deputy Chairman.

ATTEST:

Gérard Lemire  
*Clerk of the Committee*

# Report of the Committee

Thursday, May 27, 1976.

The Standing Senate Committee on National Finance to which the Estimates laid before Parliament for the fiscal year ending the 31st of March 1977 were referred, has in obedience to the order of reference of Thursday, the 19th of February 1976, examined the said Estimates and reports as follows:

1. Your committee was authorized by the Senate as recorded in the *Minutes of Proceedings* of the Senate of the 19th of February 1976 "to examine and report upon the expenditures proposed by the Estimates laid before Parliament for the fiscal year ending the 31st of March 1977, in advance of bills based upon the said Estimates reaching the Senate."

2. In obedience to the foregoing your committee made a general examination of the Estimates and heard evidence from the Honourable J. Chrétien, President of Treasury Board and Mr. B. A. MacDonald, Deputy Secretary, Treasury Board.

3. The Main Estimates for 1976-77 in total amount to \$39,545 million. Budgetary Estimates account for \$38,417 million and non-budgetary estimates (loans, investments and advances) account for \$1,128 million. The Old Age Security Fund ceased to exist in June 1975, and these payments and those for the Guaranteed Income Supplement are included in the 1976-77 Estimates for the first time. Statutory payments make up 56.9 per cent of the total budgetary estimates, \$21,847 million. The remainder \$16,570 million represents funds for which Parliament is asked to provide new authority. In the 1975-76 fiscal year the Main Estimates, which did not include Old Age Security and Guaranteed Income Supplement payments, amounted to \$29,585 million. This sum was increased to \$32,257 million by two supplementary estimates. The budgetary estimates accounted for \$30,755 million which provided \$15,010 million to meet statutory obligations and \$15,745 million for proposed new expenditures. Non-budgetary items totaled \$1,502 million.

4. As will be apparent from the table which follows, the Main Budgetary Estimates 1976-77 (\$38,417 million) are \$6,207 million or 19.3 per cent higher than the Main Budgetary Estimates 1975-76. This increase does compare favourably with the percentage increase of 26.5 per cent requested in the Main Estimates 1975-76 over Main Estimates 1974-75. Your committee however continues to be concerned by the size of increase

during recent years compared to earlier in the decade when it was on average about 10 per cent.

## BUDGETARY ESTIMATES

(including OAS and GIS)

(millions of dollars)

Fiscal Year Ending	Main Estimates	%Increase Over Previous Year
	\$	
March 31, 1969	12,212	—
March 31, 1970	13,588	11.3
March 31, 1971	14,817	9.0
March 31, 1972	16,557	11.1
March 31, 1973	18,273	10.4
March 31, 1974	21,427	17.3
March 31, 1975	25,467	18.9
March 31, 1976	32,210	26.5
March 31, 1977	38,417	19.3

5. The new summary table in the Blue Book of Estimates, table 7 (page 1-62) has been introduced largely in response to comments in previous reports of your committee. This table classifies Budgetary Estimates and Forecast Expenditures by type of payments. The principal headings of this table with the relevant amounts and percentage distribution are:

## Estimates by Type of Payment

(millions of dollars)

	Estimates 1976-77 \$	Forecast Expenditures 1975-76* \$	Percentage Distribution of total 1976-77 Estimates %
Payments to persons	9,077.4	7,722.0	23.6
Payments to other levels of government	8,108.8	7,131.5	21.1
Operating and Capital expenditures of departments and agencies, non-defence	8,095.7	6,879.7	21.1
Public Debt	4,650.0	3,775.0	12.1

## Estimates by Type of Payment

(millions of dollars)

	Forecast		Percentage
	Estimates	Expenditures	Distribution
	1976-77	1975-76*	of total 1976-77
	\$	\$	Estimates %
Subsidies and other transfer payments	4,160.1	4,558.8	10.8
Department of National Defence	3,371.1	2,976.6	8.8
Payments to certain agency and proprietary corporations	954.0	795.9	2.5
<b>TOTAL</b>	<b>38,417.1</b>	<b>33,839.5</b>	<b>100.0</b>

\*Total 1975-76 Expenditures forecast as at December 31, 1975.

6. The fact that statutory payments now make up 56.9 per cent of the total Estimates effectively limits the effort of the Treasury Board to control expenditures. Entrenched acts should be regularly reviewed. The Minister assured the committee that many programs are being reviewed and where a change in legislation is indicated it will be undertaken.

7. Your committee is equally concerned about the continued growth in the Public Service. The number of continuing employees on strength on September 30, 1975 was 305,470. The number of planned continuing employees on March 31, 1976 was 322,507. For 1976-77 authority is requested for a total of 349,345 man-years, that is an increase of 4,007 man-years or 1.3 per cent. This modest net-growth in man-years was achieved by reducing staff in many departments to compensate for increases considered to be essential, chiefly in four departments, Post Office, National Revenue, Manpower and Immigration (including the Unemployment Insurance Commission) and Solicitor-General.

8. Three other major subjects of concern were discussed with the President of the Treasury Board and his officials.

(a) The recommendation that the annual increase in federal government expenditures should not exceed the annual increase in the Gross National Product has been repeatedly made by this committee. The Minister pointed out that if the transfer payment for the stabilization of the price of oil, an amount of \$1,410 million (Oil Compensation Payments) was excluded from the Main Estimates 1976-77, the increase for the year would be almost exactly the

same as the anticipated increase in the Gross National Product. The effect of many actions taken to slow the accelerating rate of federal expenditures should be more evident next year. The committee was assured that the anticipated over-all increase in 1977-78 should be substantially lower than 16 per cent.

(b) On many occasions in the past your committee has expressed dissatisfaction with the continuation of the practice of providing authority through the Appropriation Act which negates the provision of the Financial Administration Act that spending authority should lapse at year-end. Officials of the Treasury Board told the committee that the Canadian International Development Agency (CIDA) is the only remaining significant expenditure program for which such authority is given. Improved planning and management of CIDA programs has reduced the accumulated amount for which prior expenditure authority existed. It is expected that this 'aid pipeline' will be exhausted this year. Future planning for CIDA will be based more reliably on cash flow needs and appropriations will be made accordingly. Other smaller non-lapsing expenditure authorities include the National Capital Fund and the purchase accounts of the museums. The total unliquidated expenditure authority for these is in the order of a very few millions. Non-lapsing authority was most frequently related to loan programs particularly loans to Crown corporations. To promote realistic planning there has been concerted action by the Treasury Board to cut out this type of loan provision.

(c) The Treasury Board plans to include in the Blue Book of Estimates for the fiscal year 1977-78 a more informative presentation of non-budgetary expenditures. Loans to all Crown corporations will be shown. The present practice is to show only those loans for which other authorization does not exist. This change reflects a concern which the committee has expressed many times in the past.

9. In comparing the Main Estimates for 1976-77 with the final authorization shown for 1975-76 some of the major increases are as follows:

Increases in Statutory Items	(\$ in millions)
Public Debt	875.
Unemployment Insurance Contributions	810.
Old Age Security Payments	377.
Hospital Insurance Contributions	325.
Canada Assistance Plan Payments	172.
Fiscal Transfer Payments	169.
Medical Care Contributions	160.
Payments in connection with the Two-Price Wheat Program	105.



Increases in Items to be Voted	(\$ in millions)	Increases in Non-Budgetary Items	(\$ in millions)
Defence Services	395.		
Post Office	204.	Energy Mines and Resources	89.
Central Mortgage and Housing Corporation	89.		
Veterans Affairs	88.	Central Mortgage and Housing Corporation	60.
Royal Canadian Mounted Police	65.		
Northern Affairs	57.		Respectfully submitted.
Statistics Canada	53.		
Marine Transportation Program	53.		
Air Transportation Program	51.		
Surface Transportation Program	42.		

H. Sparrow,  
Deputy Chairman.

# The Standing Senate Committee on National Finance

## Evidence

Ottawa, Thursday, May 20, 1976.

The Standing Senate Committee on National Finance, to which were referred the Main Estimates laid before Parliament for the fiscal year ending March 31, 1977, met this day at 9.30 a.m.

**Senator Herbert O. Sparrow** (*Deputy Chairman*) in the Chair.

**The Deputy Chairman:** Honourable senators, we are fortunate to have Mr. Chrétien with us again this morning for our review of the estimates for the year ending March 31, 1977. With Mr. Chrétien are Mr. Bruce MacDonald and Mr. Stimpson.

I would appeal to honourable senators to question Mr. Chrétien, after he has made a formal statement, on issues and policies of a broad nature, in the hope that we can do this as quickly as possible, since the minister would like to go to a cabinet meeting this morning. He will then leave his officials with us to answer questions on various departments, as they arise.

Mr. Minister, perhaps you would like to make your opening statement.

**The Honourable Jean Chrétien, President of the Treasury Board:** The Main Estimates for 1976-77, which I tabled in February, amounted to \$38.4 billion for budgetary items and \$1.1 billion for non-budgetary items. They included for the first time old age security and guaranteed income supplement payments, which in other years were paid out of a special account.

It is my intention to keep the increase in federal expenditures under a ceiling of 16 per cent in 1976-77.

It will not be easy to reach this target during the coming fiscal year. While it is to be hoped that inflationary pressures will abate, they will still remain strong. Aside from the upward drift in the cost of inputs (from rental payments to materials, equipment and supplies) which federal departments and agencies, like other economic agents, will have to bear in 1976-77, the main estimates reflect the higher salary and wage rates which will have to be paid under existing collective agreements. Honourable senators will wish to note that the average annual compound rate of increase in wages and salaries provided by federal public service agreements signed in 1975, was 14.4 per cent. Thus, the federal government's performance in this respect was somewhat better than that of other sectors of the Canadian economy. While I am conscious of the need to deal fairly with public servants in relation to other

categories of wage earners, I hope that, in keeping with the government's anti-inflation program and with the co-operation of public service unions, our performance will further improve during 1976.

Inevitably, higher expenditures could not be avoided for the Department of Transport and certain agencies such as the RCMP and the Central Mortgage and Housing Corporation, which are responsible for policies to which the government attaches a high priority. In addition, a large increase in government payments to the Unemployment Insurance Account was made necessary by conditions in the labour market during 1975; and subsidies for the two-price system for wheat are included for the first time in the Main Estimates. Nevertheless, subject to unforeseen developments during the new fiscal year, I hope to keep the growth of federal expenditures below 16 per cent.

I would like to draw the attention of honourable senators to a new summary table of the Blue Book, table 7, which classifies budgetary expenditures by type of payments. This new table shows that the federal government, far from being the "big spender" it is sometimes said to be, is the key agent for income redistribution in Canada. In fact, fully 70 per cent, or \$27 billion of the moneys included in the Main Estimates for 1976-77 will not be spent directly by federal departments or agencies, but rather will be redistributed, in one form or another, to Canadian householders, Canadian industry or other levels of government.

Nevertheless, as I announced last December 18, we are continuing our efforts to curb the rate of increase in the size of the public service. The rate of increase averaged 7.1 per cent in the two-year period ending 1974-75. We initially set it at 4.1 per cent for 1975-76, but later reduced it to about 3.1 per cent by freezing part of the new manpower resources already authorized. Last fall, we set a new and much lower 1.5 per cent ceiling on the growth of the public service during 1976-77. At 1.3 per cent, we are well within that limit in the Main Estimates, and we still have a small margin to meet unforeseen requirements.

Net growth in authorized man-years was held to this low level by reducing the staff of many departments and agencies in order to be able to increase resources in others where requirements were considered more urgent because of government priorities in such fields as economic management, domestic security and essential services.

The year to year budgetary expansion in the Main Estimates for 1976-77 over 1975-76 is \$6.2 billion. The programs which make the major contributions to this expansion, in absolute terms, are the following:

	(\$ Millions)
Public Debt Charges	1,075
Government Contribution to the Unemployment Insurance Account	810
Hospital Insurance and Medicare	614
National Defence	573
Old Age Security	537
Transport Ministry	291
Post Office	230
Fiscal Transfers to the Provinces	226
(Including Contracting-Out Payments to Quebec)	

Almost all the items I mentioned are statutory expenditures in whole or in part, which means that the government had virtually no flexibility to exercise further restraint. To put it another way, about 55 per cent of the Main Estimates of budgetary expenditures (including OAS-GIS) were of a statutory nature in 1975-76; and next year, the proportion will be 57 per cent, which, among other things, shows the control we have exercised on the non-statutory side.

**Senator Hicks:** What is OAS-GIS?

**Hon. Mr. Chrétien:** Old age security and guaranteed income supplement.

**Senator Croll:** Mr. Minister, you begin on the first page by saying that old age security and guaranteed income supplement payments are included in the Main Estimates for the first time. I do not understand the significance of that. Later on you talk about old age security payments as amounting to \$537 million. Correct me if I am wrong, but do we not impose corporate and other taxes for old age security?

**Hon. Mr. Chrétien:** We started out that way, but we decided a couple of years ago to incorporate this program into the total budgetary system, so as not to have special funds for this purpose. I do not think there is a specific tax for that. It goes into the general revenue, and there is no specification of taxes for old age pensions and guaranteed income supplement. These have been incorporated into the main budget.

**Senator Croll:** But is that not the law? I thought it was on the statute books. Has it been changed?

**Hon. Mr. Chrétien:** Yes.

**Mr. B. A. MacDonald, Deputy Secretary, Program Branch, Treasury Board Secretariat:** May I answer that, Mr. Chairman? It was changed in a law last year. There was a period of time when a proportion of tax revenue was specifically earmarked for this purpose, and was paid into the special fund. When indexation of plans began the receipts were no longer sufficient to pay for the fund, and at the end of each year it was necessary for the government to provide supplementary estimates to top it up. This became somewhat deceptive, and so the decision was taken last year to amend the act in order to put it on the same basis as the other transfer payments to persons.

**Senator Croll:** But the tax was left on.

**Mr. MacDonald:** No, sir. There was a period of time after the tax reform when certain taxes were imputed to belong to the fund without actually being for that purpose.

**Senator Grosart:** It was 2 per cent, was it not?

**Mr. MacDonald:** It was a proportion of the sales tax, the corporation taxes, and so on.

**Senator Hicks:** And there was a section on your income tax return for that purpose, which is no longer there.

**Mr. MacDonald:** That is correct.

**Hon. Mr. Chrétien:** It has all been incorporated. It is a normal expenditure that no longer has a special fund to provide for it. It is now incorporated in the total tax collections and total expenditures program. So there is no more special account for that. It was one of the things that I felt very strongly about—to try to give the total picture—because those special forms here and there were creating confusion. Many people complain and say that we have increased our budget by that much, but we have incorporated some special funds into it so that we could give the total picture in one year without having some funds excluded with the result that some were referred to and some were not referred to. Now I hope that it is clearer. The other \$500 million mentioned in the table on page 5 is the increased cost for this year for old-age security and income supplement programs.

**Senator Croll:** When you say it is the increased cost, there is no difficulty about predicting the number of people who will be 65 this year, next year or the year after. So how can you be out so much?

**Hon. Mr. Chrétien:** It is not a question of being out. It is a question of more money.

**Senator Croll:** I know that, but this is an increase that you should have known about beforehand.

**Hon. Mr. Chrétien:** We knew it was coming, I said that the budget from this year to next year is increasing by \$6 billion, and I gave the list which shows where this \$6 billion is going, and among those added expenditures there is \$500 million to give to the people, because of indexation of old-age pensions and because of the greater number of Canadians receiving pensions. When somebody reaches 65, then I have to pay. I am just giving an example of the type of increases that we have to face and to show, as I have said, that I have no flexibility. It is statutory and we have to pay it.

**Senator Grosart:** But you can always change the act.

**Hon. Mr. Chrétien:** Yes, we can always change the act, but I would be the last to recommend that we exclude some of the old-age pensioners. Of course we can always change the act. This is a very valid argument. But I think if I were to suggest that in the House of Commons tomorrow, even with the members who are claiming that we are spending too much, I would not find one single member who would want to touch the old-age security plan.

**Senator Grosart:** But is there not a tendency, Mr. Minister, when you put so much emphasis on the difference between statutory and non-statutory items to entrench acts that perhaps should be looked at and reviewed?

**Hon. Mr. Chrétien:** We review many of the programs regularly and we will have to change some legislation. Because something is embedded in legislation does not mean that it is sacrosanct and cannot be touched. We could touch it but by the nature of the program and the progress in the social security schemes we have made in Canada over the last 25 years, I don't think it would be advisable to try to save money in that field.



**Senator Grosart:** But have there not been announcements, Mr. Minister, of coming fundamental changes in medicare, post-secondary education grants and things like that?

**Hon. Mr. Chrétien:** Yes, and you can hear the screaming. The same people in the house who blamed me because of spending when I put the squeeze on those programs, severely criticized me in committee. There is a kind of mythology whereby people think that the total federal budget goes for bureaucrats and services—chairs and rugs and so on—but that is not true. Only 10 per cent of the federal budget goes for salaries. So even if I were to fire every bureaucrat in the civil service, the budget would still increase substantially. Yet, when you read the papers, the impression is always given that it is the high-paid civil servants that are costing that much money. If I could get rid of every one of them and still have a government that functioned, the budget would still increase. Even if we include the military people, then it would be around 14 per cent so the budget would still increase.

**Senator Grosart:** Mr. Minister, our concern here is with the realities of the situation.

**Hon. Mr. Chrétien:** I know, that is why I like coming to the Senate committee.

**Senator Grosart:** Perhaps I can finish by saying that we are more concerned with the reality of the situation than we are with who will scream or who will object. That is why I raise the question and why we raise many other questions here. Obviously it is our job to look at these and see if there are areas where savings can be made knowing full well that no matter what savings are made, somebody will scream.

**Senator Hicks:** But it is also quite important, I have to say, that when the federal government undertakes a shared program with the provinces—and here I am referring to programs such as the health services programs—I don't object to your giving notice that at the end of this period you are going to review the whole arrangement. Nevertheless it is quite important that the federal government should not arbitrarily withdraw because there is no way that you can dump the cost of these services on to the governments of the several provinces.

**Hon. Mr. Chrétien:** No, but at the same time we have to exercise some pressure on the provinces so that when they are in the situation of having a program which costs them only 50 cents in the dollar, that because 50 cents of each dollar is coming from the federal government they should not be less careful with that money than they would be if they were spending 100 cents in the dollar of their own money.

**Senator Grosart:** Not only that, Mr. Minister, but the open-ended ones serve almost as an incentive to the provinces to spend money that they really do not have to spend.

**Hon. Mr. Chrétien:** We have two former premiers from the Maritimes in the audience.

**Senator Croll:** There is one matter here—talking of increased wages and salaries—that refers to the increase provided of 14.4 per cent. The criticisms I hear across the country is that in similar circumstances private contracts in private industry amounted to 12 per cent. So they say

that we are the ones who have caused a great deal of mischief.

**Hon. Mr. Chrétien:** There is a great deal of confusion about that. They even use the figure of 20 per cent sometimes. Last year the contracts signed in the public sector were divided this way; for the public sector provincial and municipal, the increase was the 20 per cent that the papers refer to; in the federal public sector, for those under my responsibility, the increases were about 14.4 per cent. The better private sector settlements were 14.8 per cent. So I have done better than they have. But sometimes there is confusion when they speak about the public sector because they do not make the distinction between the provincial, municipal and the federal levels. They include all three levels, and then they blame me for it.

**Senator Croll:** I know that, but nevertheless, Statistics Canada sent this information. I didn't. I got it from Statistics Canada and it was carried also by the *Globe and Mail*.

**Hon. Mr. Chrétien:** For me the *Globe and Mail* is not the Bible.

**Senator Croll:** But they quote the statistics issued by Statistics Canada; it is not their own story.

**Hon. Mr. Chrétien:** I have done some studies about it, and I am telling you what the situation is. When they speak about the public sector, they often include the municipal and provincial public sectors as well as the federal. And I am making this distinction. When they use the figure of 20 per cent, then they are referring to the municipal and the provincial. The last statistics we have from Statistics Canada and the Department of Labour and so on, with regard to the private sector, shows a figure of 14.8 per cent and it was 14.4 per cent in our element of the public sector. And I had to face seven strikes in order to achieve that.

**Senator Barrow:** Mr. Minister, on page 3 of your statement you refer to the Blue Book, Table 7 and you say in the last three lines:

In fact, fully 70 per cent, or \$27 billion of the monies included in the Main Estimates for 1976-77 will not be spent directly by federal departments or agencies, but rather will be redistributed, in one form or another, to Canadian householders, Canadian industry or other levels of government.

Looking at the table, the public debt is 12.1 per cent, Department of National Defence takes 8.8 per cent. This is at page 1-65. Operating and capital expenditures of departments and agencies, 21.1 per cent. That adds up to 42 per cent, leaving 58 per cent for other than federal government, rather than the 70 per cent.

**Hon. Mr. Chrétien:** I will ask Mr. MacDonald to answer, but before he does so, when reference is made to 57 per cent it is transfer payments for old age security, family allowances and so on.

**Mr. MacDonald:** The nature of the summarization on table 8, page 1-65, Mr. Chairman, really is not as accurate as the presentation in the details. There are certain things that must be subsumed under this heading in the nature of transfer payments. For instance, the oil compensation payments are not, in public accounts terms, considered as transfer payments, but they do not represent actual operating expenses of the government.

**Senator Barrow:** Mr. Chairman, the only reason I raised the point is that you referred to table 7 in that paragraph and the statistics shown here do not agree with the statement made.

**Mr. MacDonald:** The public debt charges are in national account terms a transfer payment; they are not operating costs of the government. As you will appreciate, a great deal of the public debt is an accumulation from many, many years ago, rather than a current operating cost of the government. By international convention, public debt charges are treated as transfer payments so that 12.1 per cent is included in the 70 per cent rather than in the operating cost of government itself.

**Senator Barrow:** That is to say, Mr. Chairman, that the statement is not correct?

**Mr. MacDonald:** Mr. Chairman, I believe that what is referred to as the operating costs of the government are the operating capital expenditures.

**Senator Grosart:** It is a correct statement.

**Mr. MacDonald:** And the operating costs of the Department of National Defence which the government is itself doing at the current time.

**Senator Hicks:** It is a matter of definition, but in order to get to 70 per cent, we must redefine the way most people would refer to public debt service; that is all.

**Mr. MacDonald:** That would be correct. However, if I may point this out, for instance the public debt includes a great deal of the money that was used, I suppose, to finance World War I and World War II, and not only the current expenditures of government or even the recently current expenditures of government.

**Senator Hicks:** Yes, from 1917 well into the 1950s we called it the Income War Tax Act.

**Senator Smith (Colchester):** I wish to ask a few questions with respect to changes in programs. One is the subsidy which has heretofore been paid in relation to transporting grain and flour to the Eastern Canadian ports which, as I understand it, is now to cease. I wonder what effect that has been estimated to have on the volume of flour and grain which is, in fact, shipped through those ports?

**Hon. Mr. Chrétien:** According to the Minister of Transport it is believed that this will have no influence at all on grain shipments provided that unit train movements from the prairie provinces to Atlantic seaboard ports can be successfully implemented. However, that was a subsidy which went into effect at the time the Eastern ports were not well used. The level of production of grain and the level of exports is such that we must use all the facilities we have.

**Senator Smith (Colchester):** Just to make sure I understand it: The Minister of Transport feels that this will not affect the volume of either flour or grain shipped through Eastern Canadian ports?

**Hon. Mr. Chrétien:** No; I hope we are referring to the same subsidy. I was referring to the subsidy given for transportation of grain in order to be in position for export.

**Senator Smith (Colchester):** Yes.

**Hon. Mr. Chrétien:** This subsidy is being cut and it should not change the level of shipment through the ports. Because of the quantities of grain that we have to handle in terms of export, the facilities that we have in the Maritimes should be utilized despite the cut in the subsidy. It was felt by the Minister of Transport that the subsidy is no longer needed.

**Senator Smith (Colchester):** Does the same reasoning apply to flour?

**Hon. Mr. Chrétien:** No.

**Mr. MacDonald:** Mr. Chairman, according to the notes given to us by the Ministry of Transport, even with the transport subsidy the commercial flour exports have decreased from 15 million hundredweight in the 1950s to 1.2 million hundredweight in 1974 and 1.4 million hundredweight in 1975. The handling of flour through these facilities has dwindled very appreciably and it is a little difficult to know whether this program will affect it further, or not.

**Senator Smith (Colchester):** Then there was an announcement as to a certain holdback or delay in the timing of payments to the provinces with respect to the federal share of health services.

**Hon. Mr. Chrétien:** It is with respect to education, not health services.

**Senator Smith (Colchester):** I was coming to education next, but I thought it included both.

**Hon. Mr. Chrétien:** No.

**Senator Grosart:** It is medicare.

**Senator Croll:** There is a limit.

**Senator Smith (Colchester):** I know about the limit.

**Hon. Mr. Chrétien:** No, it is not on the health service, but with respect to the universities.

**Senator Smith (Colchester):** I had intended to ask with respect to the same point in relation to the education system. I could not quite follow what effect that was supposed to have on federal finances, except to delay the timing of the payments.

**Hon. Mr. Chrétien:** Yes, it will delay the payments. As I understand it, we have some flexibility in that regard and have decided that this is an area in which we should show some restraint and, in doing so, force the provinces also to show restraint in an area, over which we have very little control. As we are putting pressure on organizations directly under the federal government, we also wish this segment to participate in the restraint programs of the government. So, in doing that we were to have every sector of the community participate in the restraint program. We have told the provinces that we are taking this interpretation of the act to tell them that money will not flow as rapidly as previously, in order to force them to show some restraint in that field. We are doing this, for instance, in medical research or science and many fields in which the federal government is involved which had to face a stiffness in the flow of the money for the present fiscal year in order to get our program of restraint working.

**Senator Smith (Colchester):** But paid in the current fiscal year or some other fiscal year.



**Hon. Mr. Chrétien:** The difference would be postponed until next year, and we can do that legally.

**Senator Smith (Colchester):** I am not saying you cannot do it legally. I am just trying to find out what you are doing and why and what effect it will have on the federal finances.

**Hon. Mr. Chrétien:** With respect to federal financing it is not a large amount of money. We decided that every sector had to show some restraint and that was one area in which we had to use an indirect means to influence that segment of society. We felt there was a lot of money in that area, and we felt that, despite the fact that they were not under our control, we should, because we were participating with our dollars, give them the signal that this is a year of austerity.

**Senator Smith (Colchester):** Is it expected that the provinces will be able to reduce their expenditures because of this delay in payment, or is the opposite probable, that the provinces will have to find more money for a longer time.

**Hon. Mr. Chrétien:** We hope it will have the results we are aiming at, but if the provinces do not do it, then of course they will have to face certain consequences.

**Senator Hicks:** But the provinces cannot do it, Mr. Chairman. They have already made their bargains with the universities now. They might be able to affect the situation a year hence, but they certainly cannot affect the situation in 1976-77. What you are doing is improving your own liquidity position by postponing paying your debts. It is like the contractor who finances his job by not paying his subcontractors.

**Hon. Mr. Chrétien:** That is a good illustration. I am glad you raised that point, because you are connected with universities. You know, when we try to impose a restraint program there are all sorts of reasons for everyone not wanting to be included. "Do it to the other guy, not to us." That is the way it is with almost every segment of society. We face tough situations in many areas with our restraint program, and I feel that this is an area which must make its contribution to the restraint program.

If I may say so, there were commitments that I had when I cancelled Information Canada. There were employees there. Nevertheless, we closed up shop. The same thing was true of the Company of Young Canadians. Again the same thing held true for the Opportunities for Youth Program for this summer. There were a lot of programs for which I just had to "bite the bullet". So for the others to say that they cannot bite the bullet is not good enough. I had to do it and I got a lot of flack for it. I am still alive anyway.

**Senator Smith (Colchester):** We understand very well—at least Senator Hicks and I, and I suppose the other senators—that when you try to save money or to reduce expenditures or hold back the growth of expenditures someone is going to complain. That is quite understandable. But the point Senator Hicks was making about debts is in fact exactly what the situation is. As I understand it, this is a statutory arrangement upon which the provinces and the universities are entitled to rely—the universities indirectly through the provinces. Perhaps it is not quite in the same category as holding back expenditures upon which you have not a statutory or contractual obligation to make, but . . .

**Hon. Mr. Chrétien:** I am sure you recognize that we have the right to do what we are doing. It is provided for under the legislation which gives us flexibility in accepting and interpreting the data provided by the provinces. We decided this year to take a closer and tougher look at that data. The flexibility was there in the interpretation of the act and we decided to use it. Usually when we are caught up in those situations we simply pay the bills almost without asking questions. This year we decided that we would not simply pay a bill just because it was provided to us by a province, in other words, giving it the most liberal interpretation. No. We decided to put a more restrictive interpretation on it with the result that now the provinces are complaining that the contribution of the federal government is not going to be as liberal as it used to be.

**Senator Hicks:** Or as prompt.

**Hon. Mr. Chrétien:** I sometimes get the impression that with respect to any payments of that nature we just receive the bills and pay them without sufficiently questioning their validity. We have been very generous in interpreting all of the data coming in.

**Senator Smith (Colchester):** You have not been on the receiving end of the interpretation, as I have for quite a while. I don't think I can see eye-to-eye with you on that view of things.

**Senator Croll:** Was the point made by Senator Hicks the fact that they had not received notice of this restraint and so could not prepare for whatever they had to do? Did it come suddenly to the universities and they had to live with it? That is the point I think Senator Hicks was making. I did not hear the answer, if there was an answer.

**Hon. Mr. Chrétien:** The decision was made by Cabinet in December when we developed our restraint program. The Secretary of State was then in touch with the provinces about it, first informally and then formally, not long ago, by letter to the provincial governments. You may remember when I made my statement in the house on that. In terms of what consultation there was with the provinces and what information was delivered to them, your question would be better directed to the Secretary of State. I did not talk with the provinces myself. I know of an official letter delivered a few weeks ago, but the decision of Cabinet was known by the Secretary of State in December.

**Senator Hicks:** But the announcement was made only within the last fortnight, or thereabouts, was it not?

**Hon. Mr. Chrétien:** The official announcement was made not long ago, but the informal talks began right after the Cabinet decision. To be precise, I can tell you that I made the decision on behalf of the government even before December. At the request of the Secretary of State, it was not mentioned in the statement I made in December because he wanted to consult the provinces first. But the decision of the Cabinet was made at the beginning of December last.

**Senator Smith (Colchester):** If I may move on now, Mr. Chairman, to a similar subject but one which affects persons individually, I should like to refer to the restraint in the rate of growth in family allowances. As drafted in the bill before Parliament now it appears to be retroactive to the first of the year, despite the fact that the allowances have been paid at the increased rate. Is that true?



**Hon. Mr. Chrétien:** No.

**Senator Smith (Colchester):** No?

**Hon. Mr. Chrétien:** No, because in order to increase the family allowances according to the cost of living, we had to pass an Order in Council to fix the amount of increase. We did not pass the Order in Council last fall. So the family allowances will be the same in 1976 as they were in 1975.

**Senator Smith (Colchester):** So there is no question of asking people to refund excess payments, then?

**Hon. Mr. Chrétien:** No, there is no question about people having to do that at all. Not at all. The legislation is just like any other budgetary legislation. The Minister of Finance will make his budget speech on Tuesday night and in that he will make some changes in the taxes, perhaps. The legislation will be passed only in the fall, but the tax changes will be in force the night of the budget; so it was of the same nature and was permissible under the law.

**Senator Smith (Colchester):** I think I had better give someone else a chance now. I have more questions, of course.

**Senator Carter:** Mr. Chairman, the minister's statement on page 1 shows that the main estimates amounted to a total of \$38.4 billion. On page 3 he shows that \$27 billion of that is going to go to Canadian householders, Canadian industry and other levels of government. Does he have any figures to show how much of that \$27 billion will go to industry?

**Hon. Mr. Chrétien:** We cannot find it, senator, but it will be a small portion of it, not a big portion. I cannot give you this answer right away.

**Senator Carter:** How will that be going to industry? In the form of subsidies?

**Hon. Mr. Chrétien:** Yes, for example to most of the programs under the Ministry of Industry, Trade and Commerce. They have all sorts of funny names that I cannot remember, such as PAIT, and so on.

**Mr. MacDonald:** PAIT, DIP and IRDIA as they are called.

**Senator Grosart:** There were 13 of them.

**Mr. MacDonald:** There are benefits under research grants as well. There is the IRAP program, and some DREE payments. It depends on how far you extend industry, and whether you are talking about railway subsidies, and things of this nature.

**Senator Carter:** I am going to ask a question that I thought Senator Croll would be asking. You say that the federal government is one of the main instruments now for redistributing wealth. You do not seem to be having much success. The gap between the lowest fifth and the top fifth of Canadian earners is widening. Have you taken any account of that?

**Hon. Mr. Chrétien:** I do not agree with that. We are making studies on that subject because I would like to have a clearer picture of what is happening than I have at present. People say that in terms of income the gap is not reducing, which could be the case in terms of take-home pay; but when you look at the situation now as compared

to 20 years ago, you will see that we now have Medicare, old age pensions, and so on.

**Senator Croll:** But that is for everybody.

**Hon. Mr. Chrétien:** Yes, but I think it makes a great deal of difference. It is for everybody, that is true, and if you take hospitalization, for instance, the basic cost is the same for both the rich and the poor; but in the old days the poor man had to take that cost out of his take-home pay. Now his take-home pay has to provide for fewer things, so he is richer by that much. In the old days the gap was the same, but when he went home with his pay he had to take care of medical care bills, hospitalization bills, and all sorts of other services.

Take, for example, all the subsidies that we are putting into low cost housing. This is costing the government a great deal of money. In the old days the poor were less well housed, or they had to pay a bigger proportion of their income for housing. We have, therefore, made a lot of progress in that field.

Of course, if you look only at take-home pay the gap, perhaps, is the same; but the poor now have less to pay than used to be the case.

The basic cost in a hospital—the overhead cost—is the same, of course, for the rich and the poor; but in the old days it hurt the poor man much more when he had to go to hospital than it did the rich man, because he could not pay, and sometimes he was in real misery because of bad health. Now take-home pay is not affected by that sort of incident in the lives of people generally, or is so much less than used to be the case. We have therefore made a lot of progress in that field.

I agree, however, that there is still a big gap between the rich and the poor.

**Senator Croll:** Well, Mr. Minister, we have spent millions on pure welfare, and universal programs, but if you ask for statistics on the amount of income earned by the first fifth, and the second fifth and the third fifth, and so on, they will indicate that the bottom group are losing. The only place they have picked up a bit is on the redistribution of money to the provinces. In that redistribution they have gained a decimal point, but in the other areas they have lost. Nothing has really changed, and the commentary one always hears is that in 25 years there has really been no alteration in redistribution as far as those people are concerned.

**Hon. Mr. Chrétien:** The point that what you have just said does not include is that if you are looking at people's take-home pay, it is probably correct; but you do not include in that all of the benefits that society is delivering to those people that did not exist before. In the old days the guy at the bottom had to pay for more things with his pay than he has to now.

There are many complaints, for example, that our unemployment insurance scheme is too generous. In the old days, when people were out of work there was nothing for them. Now we have these programs to take care of the unemployed. Of course, when a poor man is working, in comparison with a rich man he does not take home more money than before, but he has much more security than he used to have, because in the old days there was no basic protection for such people. In that field we have made a great deal of progress. The statistics do not mention this. When a man goes home with his pay his cheque does not

reveal that he no longer has to pay for medical care, for his doctor, or for his hospitalization. Nor is it mentioned on his cheque that he has a much bigger family allowance than he used to have, or that when he retires not only will he have his old age pension, but his supplementary income as well if he is at the lower end of the scale. None of this is mentioned on his pay cheque. In the old days however, he had to take care of all these services himself, and he simply could not do it.

**Senator Croll:** No one denies that we have improved the quality of life, but we have improved it at both the top and at the bottom, and at the bottom people still wind up in the way that I have indicated. However, we will leave it at that.

**Senator Grosart:** There are now tables dealing with social indicators which show the very opposite of what Senator Croll is saying. The table of social indicators, rather than income indicators, shows that the gap has narrowed very, very substantially.

**Hon. Mr. Chrétien:** You used the term I was looking for. When you look at incomes, what Senator Croll says is true, but when you look at the social indicators, the picture is different, and I have explained that at length.

**The Deputy Chairman:** Might I ask, senator, which tables you are referring to? Who puts those out?

**Senator Grosart:** There was a conference recently. It was the first national conference of the social science learned societies, and there was a whole two-day seminar on social indicators, which I happened to chair, so that I know something about it. At that time we were given evidence of the tremendous amount of study and, as a consequence, the facts, that are coming up. You will find the details in the report of the first national conference of the learned societies in the social science field.

**The Deputy Chairman:** Your department does not have that material? It does not compile that type of thing?

**Mr. MacDonald:** No.

**Senator Croll:** Quote the learned societies in your riding the next time you get there, Mr. Minister, and see how many votes you get as a result.

**Hon. Mr. Chrétien:** I was elected in a blue collar area, where there is 18 per cent unemployment now. I go there every weekend, and I can assure you that I do not now have to face the same type of problem that I used to have to face. There is still a great deal of complaining about our unemployment insurance scheme, but I can tell you that this has been a very good program. Of course some people have abused it, but it has helped a large number of people to maintain a certain level of income, despite unemployment. That did not exist 15 years ago.

**Senator Carter:** I am not too greatly impressed by the social indicators of the learned societies. We may have closed a gap, but you are only providing basic necessities that every human being is entitled to. These are things they could not afford up to now, but here we are talking about income. You specifically mentioned income redistribution, and so far as that is concerned, I think the table shows that the gap is widening rather than narrowing insofar as it relates to the total wealth produced in Canada. Granted a better level of services is being supplied.

**The Deputy Chairman:** I think, Senator Carter, he did say he agreed with you.

**Hon. Mr. Chrétien:** Yes, but I did say with the income they get, they have less to play with. But the problem now in our society is to decide what can be considered as basic necessities. Twenty-five years ago a basic necessity was a stove but now it is a colour TV. Twenty-five years ago a telephone was not considered to be a basic necessity, but you try to find a home in Canada today without a telephone. It has now become a basic necessity. I agree with you that it is normal that our citizens should have a television—perhaps not a colour TV—but a television and it would be difficult to find a home without one. But then you go to many other countries in the world and you will find that a basic necessity will still be a stove. That situation shows the progress we have made.

**Senator Neiman:** Are you still committed, Mr. Minister, personally to the principle of universality, not only in existing programs but in any future type of income support program that we might have? Do you still believe that this is the most effective way of helping people who need help in our society?

**Hon. Mr. Chrétien:** The government is looking into that question and there is some talk that perhaps we should do away with universality and not give family allowances, for example, to people above a certain level of income. I have a certain uneasiness about it because I am afraid it would be a wonderful scheme to build up all sorts of big bureaucracies to administer it. I know that in my case the money that I receive at home for family allowances for my three children, I pay back in taxes, and my wife would be terribly upset because the money she receives now from family allowances, she uses and she doesn't have to bargain with me for it. This provides a little cache for the woman who stays at home to look after the children. It also has a social effect. It is the few dollars they have so that when they go to the shopping centre and they decide to buy a drink for a friend or they decide to buy a cake or something of that nature, then they don't feel guilty because they are not using money that the husband has to work hard to earn. Some people jump to conclusions too easily. But I am afraid that you will develop a huge bureaucracy that will be very expensive whereas now we are probably getting most of it back. However, in budgetary terms, I would prefer the other scheme because it is an added expense to send my wife \$60 a month, or something like that, while on the other hand I pay it back in taxes. It is a type of double entry. Some people might say, "The government is spending a hell of a lot of money; they are giving \$60 a month for nothing to Chrétien," but at the same time nobody knows that Chrétien is giving back \$60 the same month in taxes. So it is misleading. It might reduce our level of expenditures so much, but on the other hand the infrastructure of government would increase by the number of bureaucrats who would simply pile up papers about this problem.

**Senator Grosart:** In your studies have you found any alternative to universality other than a means test or an incomes test? Is there any other alternative? I ask that because the reason we went to universality was the tremendous resistance to any form of means test or incomes test. But I don't see any other alternative.

**Hon. Mr. Chrétien:** Well there is the minimum guaranteed income scheme for every citizen that could be dealt with through the tax system. But that also involves a



means test. Perhaps it is now more acceptable than it used to be because in the old days it was considered an invasion of private life and exposing the private lives of people to bureaucrats and so on. Now if you do it through the tax system, the bureaucrats in the Department of National Revenue know the situation of practically everybody in Canada. It is just like the old problem we had a few years ago when we were talking about social security. Nobody wanted it then. But now we have it and most Canadians do not feel we are living in a police state because of that. We are looking at other schemes. We would like, if we could, to find a proper and acceptable way of measuring the income of people, without having to face the difficulties of big bureaucracy, in the hope that we could get rid of this universality concept.

**Senator Grosart:** But you already have it in the supplement to the old-age security. Have you had any strong objections to that? It is not really a means test, but it is an incomes test.

**Hon. Mr. Chrétien:** Here I have to talk as an MP, and I have never received any complaints about it.

**Senator Smith (Colchester):** Mr. Chairman, I would like to make an observation in support of what the minister says about universality as it now exists. I would like to add that from the point of view of social acceptance it seems to me that doing away with universality or any existing program would be most unpopular and I cannot think of anything that would be likely to be more unpopular in terms of social acceptance than that. While it is easy enough to say that a member of Parliament gets a certain salary and does not need family allowances, there are a great many other people on the same salary level who have made their plans on that basis and on the fact that this money is coming in. His whole style of living and his plans for the future and perhaps even for his old age are based on that. They are based on receipt of these payments. It seems to me to be an extremely difficult thing for any government to do, to change very much the universality of existing programs. Whether it might be easier to avoid universality in future programs is another question altogether.

**Hon. Mr. Chrétien:** I agree that it is very difficult to make such changes. For example, now we are applying the law for those at age 65 when they withdraw from the labour force and they can no longer receive unemployment insurance benefits. I hear many complaints in this respect, but in my opinion it is only logical, because when one reaches age 65 and retires from employment he is no longer unemployed, but retired under a pension scheme. When we started to apply this system we received all sorts of flak. Mine is a blue collar type riding and I had many problems and complaints with respect to that, because they declared they had paid for the scheme and now cannot receive the benefits. I would reply to that point: "Yes, but you paid for insurance; I pay insurance on my house and I do not go after 20 years and tell the company I paid for insurance against fire and there was no fire, so pay me back". It is simply an insurance scheme. However, it is very, very difficult to make any change. As to removal of the universality with respect to old age pension, for example, it must be borne in mind that many people are making their plans for the future and even if they have saved money for retirement they take into account the basic funds they will receive for both wife and husband from this program. If we were to take it away from them they would say that we were simply putting their retire-

ment plans in jeopardy. However, perhaps we could do it, even if it is difficult to do. We do not direct ourselves to doing only easy things. That is why I accepted the position of President of the Treasury Board.

**Senator Smith (Colchester):** It would not only be difficult, but unfair.

**Hon. Mr. Chrétien:** I do not know if it would be unfair.

**Senator Croll:** You do not know whether it would be unfair to take away universality?

**Hon. Mr. Chrétien:** Yes; he thinks this.

**Senator Croll:** You said it.

**Hon. Mr. Chrétien:** I said I am not sure; I do not know.

**Senator Croll:** If you do not know, do you think it is fair to do what we are doing?

**Hon. Mr. Chrétien:** I often have to ask myself certain questions. I do not think that we are perfect, but I think we are better than anyone who would take over.

**Senator Croll:** I don't say this is not perfect, but is this the right thing to do.

**Hon. Mr. Chrétien:** At this moment I am not prepared to change it, because I am not sure that the alternative is better. However, I am not completely sure that it is perfect.

**Senator Grosart:** That is a good answer.

**Hon. Mr. Chrétien:** You know, I have doubts.

**Senator Croll:** I do not look for perfection in your position, but just common sense.

**Hon. Mr. Chrétien:** I could not give perfection.

**Senator Croll:** The subject of old age security came up last week and I did some research for a speech I was preparing. The report I receive is that it is working out very, very well. There are no complaints at all and just a minimum amount of abuse.

**Senator Grosart:** Mr. Chairman, could I ask Senator Croll, if it is proper, what percentage of old age pensioners—and I am sure he has the figure—are now taking the supplement?

**Senator Croll:** It is very high.

**Senator Grosart:** Approximately 65 per cent?

**Senator Croll:** Yes, that would be right. It just came to my mind: The report that I saw was that it is between 50 per cent and 60 per cent, and that was the last report.

**Senator Carter:** I would like to ask one supplementary with respect to this aspect which has just been raised and is not quite on my original point. Has your department, or any government department, carried out any studies as to what would be saved by discarding universality for old age pensioners? I do not agree with it, as I am an old age pensioner myself.

**Hon. Mr. Chrétien:** And you do not wish to lose it.

**Senator Carter:** But that is not the point. I wonder how pensions compare with family allowances and my guess is that family allowances are much greater.



**Hon. Mr. Chrétien:** No; family allowances are much less and are not growing any more, because we are less good at producing kids. We like vitality.

**Senator Croll:** What is the total cost of old age security? I had thought it to be approximately \$4 billion.

**Hon. Mr. Chrétien:** Family allowances amount to roughly \$2 billion; old age security \$3.3 billion; and guaranteed income supplement payments are approximately \$1 billion. So it is approximately \$4.4 billion all together, with the spouse allowances payment, compared to \$2 billion.

**Senator Carter:** Have you made any studies with respect to the situation if universality were discontinued?

**Hon. Mr. Chrétien:** Do you mean with respect to old age pension?

**Senator Carter:** With respect to everything, including family allowances in the case of those earning above the median or the average salary?

**Hon. Mr. Chrétien:** I am not familiar with any figures as to the old age pension in that regard. However, with respect to family allowances, I remember it was debated somewhat at the convention held by another party, at which that was one of the ideas put forward. The saving was stated at that time to be approximately to the tune of \$300 million if universality were discontinued at the level of \$15,000 income.

**Senator Grosart:** You did not identify the other party.

**Hon. Mr. Chrétien:** I think that you know to which party I refer.

**Senator Croll:** Do you remember the resolution put forward in the house? Was not that at \$10,000?

**Senator Carter:** Yes, but that is not the median salary any more.

**Hon. Mr. Chrétien:** No, but at that time when we considered it when Mr. Munro was the minister, we looked at the possibility and it was rejected.

**Senator Croll:** The income is now \$14,700 for the median.

**Senator Grosart:** Referring to the 16 per cent increase, Mr. Minister, how does that relate to your determination to contain the increases in federal government spending at the level of or below the increase in the GNP?

**Hon. Mr. Chrétien:** You know, senator, at 16 per cent there is one problem. That is, in my opinion it would be unfair to include in the discussion the approximately two per cent to five per cent it costs for the stabilization of the price of oil and gas in Canada. If we could exclude that program the increase would be almost exactly the same as the increase in the GNP, because this year it will be, I hope, if inflation is not more than eight per cent as is predicted and there is a growth of five per cent, 13 per cent and my expenditures will have increased by 16 per cent. So I am above it, but if I exclude the transfer payment for the stabilization of the price of oil in Ontario and the Eastern provinces I will be lower than the GNP increase.

**Senator Grosart:** And you would make that exclusion on the grounds that it is merely a book-keeping entry and you are getting the extra money from particular sources?

**Hon. Mr. Chrétien:** Yes, it is in fact just a book-keeping entry, because if we were not to pay that, in fact the consumer would pay. However, in spite of that I really receive the impression that during the year and a half or two years, which is the period of time I have been President of the Treasury Board and have endeavoured to apply the brakes—it is a very big train to stop—many actions that I have taken during the year will produce benefit next year. It is a slow machine to gear up and to gear down. Therefore I am working for what will be the increase next year, which will look better. I think that it will be the result of the action taken last July and last December.

**Senator Croll:** I am sure you will look better in 1978.

**Hon. Mr. Chrétien:** You know, Senator Croll, I am responsive to that as well. I have got through five elections so far.

**Senator Grosart:** May I ask for an estimate of your increase in federal government expenditures next year? You gave us one before and appear to have held to it.

**Hon. Mr. Chrétien:** It will be substantially lower than 16, yes.

**Senator Barrow:** Mr. Chairman, on pages 4 and 5 of the minister's statement he says:

Net growth in authorized man-years was held to this low level by reducing the staff of many departments and agencies in order to be able to increase resources in others where requirements were considered more urgent because of government priorities in such fields as economic management, domestic security and essential services.

Could the minister tell me what he means by "economic management"?

**Hon. Mr. Chrétien:** Basically that is added personnel we had to put into the AIB commission. There were 500 people. There is an increase also in manpower and immigration and in national revenue as well in order to collect more taxes.

**Senator Barrow:** I thought you had taken some of them from national revenue and put them into AIB.

**Hon. Mr. Chrétien:** Yes, we took some people with experience from revenue and put them in AIB, but the Department of National Revenue itself has grown in order to handle the increased number of cases. There are more taxpayers and more revenue coming in and more files to handle.

Those are the basic departments which have had some increase. But this year the majority of the departments have fewer man-years than they had last year. In my own department, despite the fact that the budget has been increased substantially, rather than 714 we now have 710. My guys have to work harder, and I thank them for that. You should recognize, too, that their salaries have been frozen.

**Senator Grosart:** Mr. Minister, now that you have brought the OAS payments into the general estimates, are you considering bringing the UIC up-to-date on an estimate basis?

**Hon. Mr. Chrétien:** No, I am not considering that at this time. I have made a great effort to bring in everything, but

not only do I have to predict now what the budget will be but I have to guess what the "supps" will be as well. I am taking somewhat of a gamble on that, because I could look rather bad if I underestimated my "supps". I think it is better for the economic analysis of the operation of the government that we should try to give the total picture. Under the unemployment insurance scheme we pay the deficit a year later.

**Senator Grosart:** That is right. The doubling this year really reflects what happened last year.

**Hon. Mr. Chrétien:** Yes.

**Senator Croll:** Just dealing with unemployment insurance, that is the only one left out at the present time. You have moved the old age security and the family allowances and everything else.

**Hon. Mr. Chrétien:** It is left out only in the sense that it is retroactive rather than current. But it is included.

**Senator Croll:** But the others have all been converted to general revenue.

**Hon. Mr. Chrétien:** Yes. Of course that is an insurance scheme and we pay the deficit of that operation when the unemployment is above a certain level.

**Senator Croll:** I realize that.

**Hon. Mr. Chrétien:** And the payment is made retroactively based on the deficit of the previous year. I am sure the senator would like us to include that, but there is a political danger in doing so. I have to be candid here and say that if we were to put it on an interpretation of what will happen we would be forced to make very difficult forecasts on the level of unemployment during the year.

**Senator Grosart:** It is much easier to predict the increase in family allowances, and it is safer.

**Hon. Mr. Chrétien:** It is safer, yes.

**The Deputy Chairman:** Honourable senators, if there are no further broad policy questions, I should like to let the minister go to his meeting. On your behalf, honourable senators, I should like to thank the minister for being with us this morning and to say that we will welcome him back at a further meeting.

**Hon. Senators:** Hear, hear.

**Hon. Mr. Chrétien:** Thank you very much.

**The Deputy Chairman:** Honourable senators, we have the departmental officials with us, including Mr. MacDonald, and if it is your wish we shall now go through the estimates department-by-department.

**Senator Grosart:** Before we do that, Mr. Chairman, may I suggest that we deal with some of the earlier pages. I have an odd question here and there. I have one particularly in view of the new table on expenditures by types, which comes up on page 1-62. That is a new compilation.

**Mr. MacDonald:** Mr. Chairman, that is correct. I think it is put here partly because of some of the questions which have been asked in this committee in particular about more informative analyses of the estimates.

**Senator Grosart:** Are these the 13 standard objects?

**Mr. MacDonald:** No, this is a different approach. If we are talking about Table 7 on page 162, that is a definition of the distribution of income as between classes of recipients in the main, and breaking out separately what we consider are the fundamental operating and capital expenditures of the government with a separate presentation of the Department of National Defence because of its enormity.

**Senator Grosart:** Under the analysis by type of payment you come up with totals. Have you totals for the 13 standard objects, as found on page 1-52?

**Mr. MacDonald:** Yes. That is Table 6, which starts at page 1-46 and ends at page 1-52.

**Senator Grosart:** But you do not break down your totals there by standard objects, do you?

**Mr. MacDonald:** We do, sir. It is at the bottom of the table on page 1-52. There is a presentation of the estimates for 1976-77 in the heavier type as compared to the forecast expenditures for 1975-76 in the lighter type by standard object. You see, senator, there is the total for all departments and agencies.

**Senator Grosart:** I see the total, but I was asking if we had a breakdown by the 13 standard objects.

**Mr. MacDonald:** I am not too sure. We have the \$38,417,063, that is standard object 1, consisting of two entries, and again that is page 1-52.

**Senator Croll:** When you are giving evidence, would you mind always giving the page? It is a little easier for us to follow.

**Mr. MacDonald:** Yes, certainly. As I say, I am at page 1-52, at the last line in the table above the large entry, "Explanatory Notes." This shows, for instance, that salaries and wages are \$5.728 million. Other personnel costs amount to \$1,154 million.

**Senator Grosart:** I see. This is by departments. The departments are vertical and the standard objects are horizontal.

**Mr. MacDonald:** Yes.

**Senator Carter:** Is this something new? We had something similar to that before, did we not?

**Mr. MacDonald:** Table 6 has been in this form since the 1970-71 estimates. It used to appear before that in the form of a gigantic sheet at the back of the document.

**Senator Grosart:** That is right, yes; but it is the type of payment that forms the new table.

**Mr. MacDonald:** That is correct.

**Senator Grosart:** With regard to this type of payment have there been any announcements—and I am not asking for policy—of the intention of the government to phase out any of these types of payments?

**Mr. MacDonald:** Do you mean in terms of standard objects?

**Senator Grosart:** Yes. This is where you get such breakdowns as post-secondary education, and so on.

**Mr. MacDonald:** That would be under grants and contributions, in table 10.



**Senator Grosart:** But it is broken down into types.

**Mr. MacDonald:** That is correct.

**Senator Grosart:** That is why I am asking this question in connection with that. Have there been any announcements that there will be a substantial phasing out of federal government participation in specific types of objects?

**Mr. MacDonald:** I think, senator, that would be more applicable to table 7, where the specific payments are referred to, such as hospital insurance, Medicare, etc.

**Senator Grosart:** That could be, yes. It is a type of payment.

**Mr. MacDonald:** That is correct. There are no announcements that come to my mind, at least, other than the ones that of course were made on December 18 with respect to, for example, the Opportunities for Youth program, and things of that nature, which, I might say, in another year would have appeared in here as one of the entries under the heading of "Repayments to Persons" or something.

**Senator Carter:** On page 1-63 you have the Trade-Industrial Program. That is related to the question I asked earlier, is it?

**Mr. MacDonald:** I do not think that that is complete, senator. There is assistance given in other industries to other programs. What we have done here, as you will notice, is to list the Trade-Industrial Program, of the Department of Industry, Trade and Commerce, and then, under "All Other" a \$371 million item. This is a listing of the more prominent payments. If we went into too much more detail we would have another book almost as long as this one.

**Senator Grosart:** But the "All Other" are not necessarily transfer payments to industry.

**Mr. MacDonald:** No. These are various other transfer payments.

**Senator Carter:** I would take it that the \$105.4 million would include the 13 programs that Senator Grosart referred to.

**Senator Grosart:** Some are phased out. There were 13. However, we will come to that under the Department of Industry, Trade and Commerce.

**Mr. MacDonald:** That is correct.

**Senator Neiman:** I am interested in CIDA. I was looking at the actual breakdown of CIDA expenditures on page 7-28. Should each one of those items be reflected back in table 7?

**Mr. MacDonald:** There is a general entry under "Other Transfer Payments" on page 1-63, referring to foreign aid, of \$485 million. There is a complication there.

**Senator Neiman:** I see that in the CIDA thing, but I cannot see some of the other figures that are included in CIDA.

**Mr. MacDonald:** The CIDA program, from a financing point of view, has complexities in the sense that you can almost say there are four sources for it. There is the budgetary current year appropriation, there are the loans, which is a non-budgetary expenditure, and this table here is a forecast of budgetary expenditures.

**Senator Neiman:** Where do the loans come from?

**Mr. MacDonald:** The loans are not broken out in an analysis, but you will see that item in the CIDA presentation. There is, however, the fact, too, that this is one of the only—possibly the only—remaining significant program in which the department can draw upon prior year expenditure authorities—what has been referred to as "The aid pipeline." As you are probably aware, there is a commitment made every year to a level of aid. The delivery mechanism sometimes is not capable of actually spending the money provided, so that Parliament has authorized that this authority would continue to exist, with the result that the expenditure level in any year tends to be different from the appropriation level. In many years it was less, but in this year, I think, it would be more, because we are drawing down on that pipeline. What the government agrees to now, for planning purposes, is a total cash flow, part of which is made up by new appropriations, and part of which is made up by drawing on prior expenditure authorities. Both of those draw upon actual grants, such as this specific item, or soft loans, and in a somewhat separate category are the expenditures that are made to provide investments in the various aid banks. I can never remember what they are, but there is the Asian Development Bank, and things of that nature. Unfortunately this particular table is not as meaningful in that regard as it might be.

**Senator Grosart:** How much is in the pipeline now? It used to be very high. CIDA was often criticized for not spending the money. It's at page 7-26, I think.

**Mr. MacDonald:** I think I can help you on that. If we refer to the balances that remain as of a certain point of time—

**The Deputy Chairman:** It is at page 7-36, I think.

**Mr. MacDonald:** The first entry is that of bilateral and multilateral development systems. It says there that the balance in this account shown in the Accounts of Canada, as at December 31, 1975, was \$56 million. Now, that is the authority that exists under the grants side. That is at the top of the page under "Grants". It is the last figure in that paragraph.

**Senator Grosart:** I see. Yes. There are two \$56 million figures.

**The Deputy Chairman:** It is the one in brackets at the top of the page.

**Mr. MacDonald:** It is our expectation that the pipeline will be exhausted this year. The attitude, at least of the Treasury Board, has been that it is much better to put this on a current basis. There is a very severe management problem if you are managing cash, and there are these unknown authorities. There are a few others, I might say, of this nature, but they are in the order of very few millions, such as the National Capital Fund, or the purchase account of the museums, and things like that. But the only significant one that can shake us rather badly is this account, with the large amount in it.

**Senator Grosart:** Will you then require the unspent appropriation to go back to the consolidated revenue fund?

**Mr. MacDonald:** Let us say the aid level is \$1 billion, and we are providing appropriation authority for \$900 million; if the pipeline amount is \$100 million, and it is going to be



exhausted to meet the target, there will be no money to go back to the consolidated revenue fund. It will be exhausted through actual cash disbursements in the current year.

**Senator Grosart:** Is that not going to make it very difficult for CIDA to operate, since they work on the basis of commitments based on the appropriation, and you are not going to hurry them to spend it whether they are ready to spend it or not?

**Mr. MacDonald:** I think there are two factors involved. There is, first, the factor that the program is operating much better. You may remember that there was a long growth period in CIDA, but now their planning is of a higher order, as it were.

**Senator Grosart:** They were hundreds of millions of dollars behind for a few years.

**Mr. MacDonald:** It was an enormous sum. The other thing I think we can say is that the cash management of the government has improved accordingly and there is more realistic planning taking place now both with the departments and the Treasury Board, if I may put it that way.

**Senator Grosart:** But even so, if they do not spend the whole appropriation, that will revert to the Consolidated Revenue Fund?

**The Deputy Chairman:** What are the repercussions of that so far as aid is concerned? Does it mean that there is a push on at the end of the year to spend that money?

**Mr. MacDonald:** I think the reference pushes to spend money at the year-end have to do with the style of thinking, "It would be a nice idea to improve our adding machines." But I don't think that occurs in this kind of program. I personally think that that particular charge is rather overexaggerated in any case, and the Auditor General made the statement recently but then declined to name departments before the Public Accounts Committee.

**Senator Croll:** But you said it does not exhaust itself.

**Mr. MacDonald:** It has not exhausted itself up to now.

**Senator Croll:** But that is the difference, because an appropriation does.

**The Deputy Chairman:** But it will exhaust itself under the new management program.

**Mr. MacDonald:** Or if it does not exhaust itself, the authority to spend will lapse.

**Senator Croll:** In the same way as an appropriation?

**Mr. MacDonald:** That is right. There have been, as senators are aware, considerable criticisms of non-lapsing expenditure authorities. These used to occur particularly in loan programs. A lot of loans particularly to crown corporations used to contain in their vote wording the phrase "In the current and subsequent fiscal years," and had the effect of setting aside the provision of the Financial Administration Act that spending authority should lapse at year-end. We have worked with the departments and agencies concerned to eliminate this. I don't think one could promise that they would never be used again because special circumstances can arise. This applies particularly at year-end in supplementary estimates where a program is getting under way and must continue after the

magic hour of midnight on March 31. But in most cases they have represented an unnecessary flexibility in planning, particularly by crown corporations, which we have gone a long way to change.

**Senator Grosart:** And we would hope, Mr. MacDonald that you would use your influence to prevent them doing the same thing with one dollar items, using them to spend money that they could not otherwise spend in ways other than that for which it was voted. We referred to that at our last meeting.

**Mr. MacDonald:** That is noted, senator. However, I can't quite promise.

**The Deputy Chairman:** Are you ready to start department by department study senators?

Could we then start at the beginning of the estimates with the Department of Agriculture and if you have any questions on any department as I go through, would you just let me know and we can stop there and question the particular items.

The Department of Agriculture starts at section 2, page 2-2 and continues on to page 2-61. If there are no questions on agriculture, then we will move on to Communications which starts on page 3-2 and continues on to page 4-4.

**Senator Croll:** Do we get to the CBC here?

**The Deputy Chairman:** No, that comes under the Secretary of State.

**Senator Neiman:** What is "Teleglobe Canada"?

**Mr. MacDonald:** That is the new name of the Canadian Overseas Telecommunications Corporation.

**Senator Grosart:** And CRTC has a new name?

**Mr. MacDonald:** Yes, because of the movement into the jurisdiction of the CRTC of certain functions that were previously handled by the Canadian Transport Commission.

**Senator Grosart:** Radios.

**Mr. MacDonald:** Yes.

**The Deputy Chairman:** Do we have questions on Communications?

If not, shall we switch to section 5, Energy, Mines and Resources, page 5-2.

**Senator Grosart:** What about Consumer and Corporate Affairs?

**The Deputy Chairman:** Did I miss that one? Consumer and Corporate Affairs, page 4-2. Incidentally, honourable senators, if questions arise later on any of the departments, we can always go back. So are there any questions now on Consumer and Corporate Affairs?

If not, could we go on to Energy, Mines and Resources.

**Senator Grosart:** This may be the place to raise the question of criticisms being made by the scientific community about the failure of the government to increase in real terms federal expenditures on science and technology. I raise it under this department but perhaps Environment might be a better place to raise it because it is the largest spender. But the subject will run over several departments. On second thoughts it is difficult because I

am afraid it is a policy question and it would not be fair to ask Mr. MacDonald to answer what I was going to ask.

**The Deputy Chairman:** Anything under Environment?

Then we come to External Affairs—section 7.

**Senator Neiman:** Mr. Chairman, may I ask a question in connection with CIDA, again, at page 7-28. I just wonder what the difference is between vote 30, which is the main expenditure here, and vote L35, which is for another \$200 million for special loan assistance?

**Mr. MacDonald:** Mr. Chairman, part of Canada's foreign aid is provided in the form of outright grants, many of which are detailed in our subsequent grants table, at pages 7-36 and 7-38; that is grants and contributions. That is the amount to which vote 30 makes reference. Then, over on the next page there is a general loan authority to developing countries and international development institutions, for essentially the same sort of purposes, economic, technological, educational and social development assistance. I understand that some of the aid countries actually prefer to receive at least some of their aid in the form of loans, rather than outright grants. I suppose the aid philosophy is that in part some countries should in time be able to finance or service the loans that they receive. I believe it is correct to say that the relative size of the grants program has been increasing relative to the loans program because, as no doubt the senator would be aware, some of the poor countries are having a great deal of trouble in servicing their loans because their grant aid then becomes the means of just handling their debt. However, still at this point, as you will see, a large portion is in the form of loans. Some of them are very soft loans, with minimal rates of interest and low repayment terms and are shown in the balance sheet as assets of Canada.

**Senator Neiman:** You are not looking for repayment?

**Mr. MacDonald:** In one of last year's supplementary estimates there was forgiveness of a loan to Bangladesh, among others.

**Senator Carter:** Could we revert to Environment, at page 6-2? There are many items listed as not required for 1966-77, including assistance to fishermen for ice-making and ice-storing facilities and fish chilling. Are these programs just suspended through the restraint program, or are they completely discontinued?

**Mr. MacDonald:** They are discontinued. There is now what is referred to as the groundfish bridge program, the intention of the government being to rationalize the fishing industry on the East coast. The amount remains at \$40 million, but the particular types of programs being launched within that total amount have been different from year to year, answering to particular circumstances. I am not absolutely sure of this, but I believe that surplus catches that cannot be disposed of lead to special assistance for storage programs, such as freezing, which do not apply when the problem is not so much the size of the catch as its absence. So the size of the program is the same, but some of the components are different.

**The Deputy Chairman:** Are there further questions with respect to this department? If not, we move to the Department of Finance, at section 8.

**Senator Grosart:** I have a question with respect to finance at page 8-2. Is the municipal grants program all in lieu of taxes?

**Mr. MacDonald:** That is correct, senator; grants in lieu of taxes.

**Senator Grosart:** How is that estimated? Is it unilaterally by the federal government, or in consultation with the municipalities?

**Mr. MacDonald:** In consultation with the municipalities. As you would appreciate, the municipalities cannot tax the Crown.

**Senator Grosart:** That is right. Of course.

**Mr. MacDonald:** And it is a question of determining an amount that will appear to be payable if, in fact, the municipalities could tax the Crown. I do not think that the municipalities are always in agreement with the result, but it is based on consultation.

**Senator Grosart:** Is it the policy, in the small "P" sense, to match private sector rates in municipal taxation, or do these figures reflect a policy by the federal government to expect concessional tax rates from the municipalities?

**Mr. MacDonald:** I am not an expert in this program, but I believe the government would claim that it is attempting to match. I am speculating somewhat, but if it were a cultural institution or something of that nature which the government were establishing, the municipality might prefer the tax to the cultural institution and might be told they might not be taxing this if it were a private institution. So I believe that is the type of area of disagreement.

**Senator Carter:** With respect to the same subject, but probably not under the same item, I have been told that there is an old statute relating to municipal grants which has not been used for 30 or 40 years, but is still on the statute books. This permits municipalities to apply for grants at a very low rate of interest; is that a fact?

**Mr. MacDonald:** I am not aware of it; we could attempt to find out. Would you be referring to the old Municipal Development and Loan Board?

**Senator Grosart:** I believe so.

**Mr. MacDonald:** That is certainly dormant at this time.

**Senator Carter:** Why is it dormant? Is no one using it, or have they forgotten it is there?

**Senator Grosart:** The depression is over.

**Mr. MacDonald:** It probably exceeded its frame of application. Possibly we could research that, as it is a fairly complex question. I notice that it still appears in the public accounts, but I believe it has reference to repayments. We forecast repayments under that, but there are no current applications.

**Senator Carter:** Are you still collecting repayments on the loans?

**Mr. MacDonald:** Yes, repayment; for instance, in 1974-75 repayments amounted to \$11 million. This was for municipal capital works programs. However, I do not believe it would be correct to say that applications could still be made under it. There have been some substitute programs, such as the winter works capital fund and you will remember the winter works program itself. However, I would be very surprised if it were true that applications could still be made.



**Senator Grosart:** Mr. Chairman, my next question is with reference to the winter capital projects fund program. Another forgiveness shows at page 8-2 at the bottom of the page. Last year I believe there was a forgiveness of \$50 million; now there is an additional \$25 million. To what does that relate?

**Mr. MacDonald:** The winter works capital program, winter capital projects fund program, is more detailed at page 8-34. There was a forgiveness of a very large portion of the labour component when the labour took place during the winter, there being three winters involved. This was instituted for the years 1974-75 and 1975-76, the winters thereof, so the payments were made as loans and appeared on the non-budgetary side of the accounts. Now that they are forgiven it requires the authority of Parliament to write that portion of the debt off.

**Senator Grosart:** This will be the last such item we will have, unless there is a change in the legislation.

**Mr. MacDonald:** Or unless, as is the case sometimes with respect to these programs, the claims of the provinces are late. Since this has to do with the winter of 1975-76 I would expect that there will be further claims.

**Senator Grosart:** That will be the end of it then.

**Mr. MacDonald:** Unless there is something changed.

**Senator Carter:** I do not see any subsidies or payments or grants to industry or to business under any of these headings. Are there none?

**Mr. MacDonald:** They are not in the Department of Finance.

**Senator Carter:** There are no subsidies at all paid through finance?

**Mr. MacDonald:** I think in the Guaranteed Loans Program there are interest payments subsidized under that program for small business. But it is not a large program at this stage.

**The deputy Chairman:** The old industrial development bank has had a name change. It used to come under the Department of Finance, but it now comes under the Department of Industry, Trade and Commerce, does it not?

**Mr. MacDonald:** It was actually a subsidiary of the Bank of Canada. It was not part of these accounts. It is now under the Department of Industry, Trade and Commerce as the Federal Business Development Bank.

**Senator Grosart:** Just as an aside, in "Industry, Trade and Commerce" why is "Trade" not translated in the French version?

**Mr. MacDonald:** I cannot say.

**Senator Grosart:** It is called "Industry, Trade and Commerce" in English and "Industrie et Commerce" in French without the word "Trade".

**Mr. MacDonald:** The word "commerce" may embrace "trade."

**Senator Grosart:** That is what we said years ago when the name change was made. Nobody has ever explained what the difference between "trade" and "commerce" is.

**Mr. MacDonald:** My French is a little too shaky to handle that, senator.

**The Deputy Chairman:** Could we move on, honourable senators? The Governor General and Lieutenant Governors? Indian Affairs and Northern Development? Industry, Trade and Commerce?

**Senator Grosart:** We have dealt with that pretty thoroughly in other committees.

**Senator Barrow:** On page 11-40, dealing with Statistics Canada, there is an increase of \$53 million. What is that for?

**Mr. MacDonald:** Senator, it would be in the 1976 quinquennial census. You will see a drop under the same heading next year.

**The Deputy Chairman:** All right, Justice.

**Senator Grosart:** Mr. Chairman, Justice, like one or two other departments, has no index on the introductory page. Is there a reason for that? Another department is national defence. Most of the departments have a breakdown, which is very convenient.

**Mr. MacDonald:** Senator, if you look at page 12-2, that is the general index.

**Senator Grosart:** But if you look at the others, for example, industry, trade and commerce . . .

**Mr. MacDonald:** Possibly you are referring to the fact that in industry trade and commerce the minister has a number of subsidiary agencies under him. On the first page of section 11 you will see that there is the Federal Business Development, Bank, the Foreign Investment Review Agency, the Standards Council of Canada and Statistics Canada. The Minister of Justice is responsible only for the Department of Justice.

**Senator Grosart:** Surely the Minister of Justice has a similar breakdown. There is the Supreme Court, the Tax Review Board and the Law Reform Commission. What is the rationale of this other breakdown?

**Mr. MacDonald:** That is a rather good point in the case of justice. We may be in error there. But the rationale is that for the purposes of the Financial Administration Act an agency is defined as a department or a departmental corporation or an agency corporation or a proprietary corporation. I think the parts of the Department of Justice to which you refer do not meet that classification.

**Senator Grosart:** That is rather arbitrary for an index then.

**Mr. MacDonald:** It is the interrelationships with our general financial legislation under the Financial Administration Act which govern us in this regard.

**Senator Grosart:** Then it is based strictly on crown corporations and agencies and whether there are crown corporations or agencies under the minister of reporting to the minister or—what is the new term?

**Mr. MacDonald:** Responsible to?

**Senator Grosart:** No. There is another one.

**Mr. MacDonald:** There is "reporting through" in the case of the Auditor General.



**Senator Hicks:** On page 12-4 why is there such a large increase in judges' salaries? Statutory judges' salaries, allowances and annuities up from \$20 million to \$31 million?

**Senator Grosart:** There was an act of Parliament last year which increased their salaries.

**Mr. MacDonald:** There was an amendment to the Judges Act last year, senator. A good part of it had to do with the lower level of judges. There was a real anomaly in their salaries compared to other salaries.

**Senator Grosart:** There was both an increase in numbers of judges and an increase in salaries.

**Mr. MacDonald:** That is right.

**The Deputy Chairman:** Department of Labour, section 13. I may say again, senators, that I will move on, but please feel free to check back with any departments you may wish. Section 14, manpower and immigration.

**Senator Carter:** On page 14-14 there is a cutback in the manpower training program. Is that as a result of the restraint program?

**Mr. MacDonald:** That is a somewhat deceptive entry, senator. The column "Forecast Expenditures, 1975-76," refers to expenditures. The column "Estimates, 1976-77," refers specifically to the amounts that are being asked for authority here. The expenditures under the Local Initiatives Program in 1975-76 are in the forecast expenditure figure for that year, but the estimates for 1976-77 do not provide at this stage for any local initiatives program that might take place next winter. If the government should decide to go ahead with a local initiatives program next winter it would, as in other years, seek parliamentary authority for the expenditures through supplementary estimates. But in fact the 1975-76 figure does reflect the supplementary estimates of last year.

**Senator Carter:** I thought local initiatives would come under job creation, but it comes under manpower and training here.

**Mr. MacDonald:** If you will look here under "Direct Job Creation," senator, there is an entry of \$126 million for 1975-76. That is the second last entry on the page. That is compared to the \$38 million provided here. Maybe I misunderstood your question.

**Senator Carter:** My question was about the reduction in manpower training.

**Mr. MacDonald:** I beg your pardon. You are referring to the first entry of \$174 million, as compared to the \$208 million.

**Senator Carter:** Yes.

**Mr. MacDonald:** You may remember that as part of the expenditure restraint exercise the government decided not to index training allowances, so that that is the largest reason for there not having been any growth. The bill that will be coming before the House, presumably fairly soon, and to the Senate, will remove the requirement that these training allowances be indexed, and leave only discretionary authority, which I presume the government does not intend to exercise.

**Senator Grosart:** Let me come back to the matter of the categories of classification in the introductory pages. Man-

power and Immigration, for example, breaks it down to the Department of Immigration Appeal Board. That would not be a Crown corporation, would it?

**Mr. MacDonald:** No. I said earlier, senator, that it is departmental corporations, agency corporations and proprietary corporations and, as well, units of the government, that are designated for the purposes of the Financial Administration Act, as departments.

**Senator Grosart:** That is correct. On page 14-2, under the heading of "Unemployment Insurance Commission" there is an increase in last year's expenditures of about \$1 billion. Is that broken down into its components, such as the increase in the number of recipients, indexing, and extension of benefits?

**Mr. MacDonald:** As you will appreciate, senator, the total expenditures for unemployment insurance last year were, I think, something like twice this. They were over \$3 billion. I am referring to payments out of the fund. Government cost has to do with unemployment over a figure of about 5.6 per cent—it is an escalating thing—plus extended benefits, plus, I guess, the fisheries benefits as well. It would be rather difficult to get the figures, although we could get them, I imagine, for the total unemployment insurance program.

**Senator Grosart:** Whatever the components are in the total, it would be the same in the government's costs, more or less.

**Mr. MacDonald:** Yes.

**Senator Grosart:** Could we get those figures? It would be very interesting to know that.

**Mr. MacDonald:** You mean to find out what is the cause of the rise?

**Senator Grosart:** Yes.

**Senator Hicks:** You are saying that the amounts shown here are only the amounts paid out of the general revenue, and do not include the amounts paid out of the fund?

**Mr. MacDonald:** That is correct.

**Senator Grosart:** Is that a statutory requirement? That is, the government undertaking to pay the actuarial deficit?

**Mr. MacDonald:** If I may say so, senator, it is not an actuarial deficit. Supposing that that threshold figure is 5.6 per cent, and a mistake had been made in setting the employer-employee contribution, and there was therefore a deficit in the account—that is, there was nothing over 5.6 per cent—so that the government had no obligation to pay. That would be financed by temporary loans.

**Senator Hicks:** In the hope that the fund would make it up and pay the loans back?

**Mr. MacDonald:** There is a requirement that every year the employer-employee contribution be adjusted in order to make the employer-employee account capable of meeting the cost of administration, plus that portion of the benefits which are properly charged to the account.

**Senator Hicks:** Up to an unemployment ceiling of 5.6 per cent, or some determined figure?

**Mr. MacDonald:** That 5.6 per cent would grow or decline, depending on the average of a period of years of unemployment.

**Senator Grosart:** But it is still, in effect an actuarial deficit, because if unemployment had not reached an unexpected stage, the fund would be presumably actuarially balanced.

**Mr. MacDonald:** Well, I think it is correct to say, senator, that the government did not expect that unemployment was going to be—and I hope I am not very verging on a policy issue here—the way it is; but there is the expectation that, except under conditions of whatever full employment means any more, the government is going to have to make some contribution. It is a deliberate idea that there is a kind of normal level of unemployment, and that in a sense it becomes a public charge when it is higher than that level.

**Senator Grosart:** This is not a matter of forecasting, because it was completely retroactive to a situation that already existed when the fund, a year or two ago, went broke for \$1 billion. Was it then the decision was made?

**Mr. MacDonald:** No, sir. The act always provided that the government would pay over a figure of what was originally 4 per cent. It was part of the fundamental legislation that the government would always pay above 4 per cent, originally. In times of severe unemployment, where it was necessary to go into extended benefits, the government would deal with that as well. In a sense it is some recognition of the government's general responsibility for the health of the economy, and beyond certain extremes of unemployment one might say the economy was not in a state of good health.

**Senator Grosart:** That was the original stage of one-third/one-third.

**Mr. MacDonald:** You are referring to the original act. I am referring to the current legislation.

**The Deputy Chairman:** Under "Social Security Numbers for Unemployment Insurance and Old Age Pensions," where does the authority come from for issuing those numbers, and who looks after them?

**Mr. MacDonald:** I believe it was the new Unemployment Insurance Act. No, I beg your pardon. It was done at the time of the Canada pension plan, and I cannot recall whether it was done under an amendment to the then existing unemployment insurance commission legislation, or under the Canada pension plan act. The administration of it is now under the Unemployment Insurance Commission and it is those departments who use it, such as the Canada pension plan, or the national revenue, that pay for the use of the system. That is, the costs are recovered from the users, including the Canada pension plan, the Department of National Revenue, and the Unemployment Insurance Commission.

**The Deputy Chairman:** Is there a change taking place in the use of social security numbers to reduce the chances of fraud, and if so, what type of policy change is that?

**Mr. MacDonald:** It is not a policy change, it is an administrative change; if I may put it that way. There is a validation program which I believe is now under way, and a closer scrutiny is being made of application. I was rather heavily involved with the initial registration program, and as you will appreciate, it was launched with some speed.

There were initial errors, and then, of course, there were some instances of deliberate fraud. There were some people who almost as a joke tried to get more than one unemployment insurance number.

**Senator Hicks:** By manufacturing an additional social security number?

**Mr. MacDonald:** They would send in an application, and either because the administration was ineffective, so that it could not be realized there had in fact been a previous number issued, or through the mistake of the applicant, the result was that the information was not consistent. A check of the records, as you may recall it, has to do with the mother's name, the date of birth and so on, and variations in that information would lead to duplication, or the issue of two numbers to a person.

**Senator Hicks:** What do you mean by saying that there is now a validation program? An increase, perhaps, in the care taken in validating?

**Mr. MacDonald:** I am afraid I am not that close to the program, but I do remember a decision of the government that this simply had to be tightened up, because of the confusion that was being caused, and so a validation program, to try to clean out errors in the system, was instituted, together with a tighter control of the system as a whole.

I believe the American social security system suffered from the same sort of difficulties. One aspect of their problem was that the Woolworth Company, in the early stages, issued a little wallet that was meant for use with the social insurance number system, which included a replica of a social security card, which contained a number, and that number was taken by many people as their social security number. After 30 or 40 years a large part of the resources of the administration are devoted to dealing with that problem, even after 30 or 40 years.

**The Deputy Chairman:** The Unemployment Insurance Commission is therefore responsible for the issuing and control of those numbers?

**Mr. MacDonald:** That is correct, in the administrative sense.

**Senator Hicks:** The Unemployment Insurance Commission is responsible for the issuing of our social security numbers?

**Mr. MacDonald:** Yes. It is a separate entity, and it handles the records. There are computer records and microfilm records and other things of this nature, and they do the actual physical work, if I may put it that way, and recover costs from themselves and the other principal users.

**The Deputy Chairman:** And this is all administered in the city of Ottawa at the moment?

**Mr. MacDonald:** That is right.

**The Deputy Chairman:** And is there a policy of decentralization in that?

**Mr. MacDonald:** There is a policy of decentralization, but I don't know whether the government has announced anything with respect to this particular agency.

**Senator Hicks:** But the whole system has to be integrated and tied together. If you start a validating procedure in



Winnipeg, you may miss the data available in Ottawa or Halifax.

**Mr. MacDonald:** Yes. But I think the chairman was making reference to decentralization of the entire operation as part of the government's decentralization policy.

**The Deputy Chairman:** That is right. Under that policy is it being decentralized?

**Mr. MacDonald:** I don't know whether there has been an announcement on that or not.

**The Deputy Chairman:** We come now to National Defence—section 15.

**Senator Grosart:** There is a change in personnel now in terms of bodies—not of dollars.

**Mr. MacDonald:** There is a table on page 15-14 which shows the number of civilians as 36,000 and it shows the civilians under the standard classification categories of the public service and it also shows the total of military personnel as 78,033 and it shows them by rank.

**Senator Grosart:** That is a ratio of about 2 to 1.

**Mr. MacDonald:** That is correct.

**Senator Carter:** Where is the subject of new equipment dealt with?

**Mr. MacDonald:** The capital expenditure program is set out in a long list of projects starting on pages 15-18.

**The Deputy Chairman:** Coming to section 16—National Health and Welfare.

**Senator Grosart:** Referring to pages 16-4, the Medical Research Council—last year there was a supplementary which increased the appropriation for the Medical Research Council. Perhaps it is not fair to ask this question, but is there one in the pipeline?

**Mr. MacDonald:** You may know that the Minister of National Health and Welfare announced that he was making reductions in other parts of his department in order to provide an additional \$2 million. These would not be additional funds. It is just that he has re-examined his priorities and has added to the MRC grants.

**Senator Grosart:** How will that show? Will it be a supplementary or will it be a dollar item?

**Mr. MacDonald:** Yes, actually I think there will have to be more than one because he is transferring from more than one vote.

**Senator Grosart:** But MRC will get an increase?

**Mr. MacDonald:** Yes, to \$2 million.

**Senator Grosart:** Would it not be more in the region of \$3 million?

**Mr. MacDonald:** Yes, I guess that would be about the right amount.

**The Deputy Chairman:** Section 17—National Revenue?  
Section 18—Parliament.

**Senator Grosart:** Pass that one quickly.

**The Deputy Chairman:** Section 19—Post Office?  
Section 20—Privy Council?

Section 21—Public Works?

**Senator Carter:** Going back to the Post Office for a moment. There was a loss of revenue in the Post Office, wasn't there?

**Mr. MacDonald:** Basically it is the amount that has to be appropriated to make up \$1.22 billion. Here I am referring to page 19-5. Some of the revenues of the Post Office—\$135 million—are credited directly to the vote to reduce the appropriation. A further \$533 million is paid into the general revenues of the government. So I suppose that in those terms it is correct to say that the net loss in cash terms is something like \$600 million.

**Senator Carter:** Would you say that that is mainly the cost of the strike?

**Mr. MacDonald:** Well, I guess you could say it is in one sense the cost of the fact that we have the lowest first-class mail rates in the world and they have not been adjusted for many years.

**Senator Carter:** You are speaking of the general deficit but I am thinking more in terms of the loss of revenue last year as compared with normal revenue. Do you have the figure for that?

**Mr. MacDonald:** I do not have the figure. I don't know if we could determine accurately what the revenues are at this time because the books are not quite closed. There is a table on pages 19-10 and 19-11 showing costs and sales by classes of mail. I am afraid we would have to find out from the department what their estimate of the loss because of the strike was.

**Senator Carter:** I think that would be worth knowing.

**Mr. MacDonald:** We will attempt to get it. It is, of course, a somewhat speculative figure.

**Senator Grosart:** It is. It is the kind of figure that labour objects to anybody speculating about, and for very good reason.

**Senator Hicks:** This is a small matter and just one of personal interest, but I cannot see where the National Postal Museum is listed here.

**Mr. MacDonald:** As you suggest, it is so small that it is not separated.

**The Deputy Chairman:** Regional Economic Expansion; section 22.

**Senator Barrow:** I would like to call attention to the fact that there is a reduction of \$20 million in connection with the assistance that is provided to the Cape Breton Development Corporation.

**Mr. MacDonald:** Senator, that reduction sort of reflects an expectation that the coal operations would have been more profitable than they have in other years. A large part of the estimates has to do with meeting the deficit of the coal operations. I believe they are enjoying the benefits of the increase in the oil generally and, at least, coal is linked in some measure to this increase.

**The Deputy Chairman:** Public Works?

**Senator Grosart:** Mr. Chairman, at page 21-1, the accommodation program shows an increase of approximately \$40 million. It is broken down into operating expenditures, capital expenditures and contributions to employee ben-



efit programs. Is that the total cost of accommodating government departments; does it include Crown corporations and agencies?

**Mr. MacDonald:** No, it does not, nor would it include, I believe, some of the capital expenditures of the RCMP and the Department of Transport. The airports are voted there and there is an accommodation element in any airport for employees of the Department of Transport. It does not include the prisons. The very large element of this is the building of post offices so, referring to an earlier question, the deficit of the post office does not take account of the capital cost.

**Senator Grosart:** Are there figures anywhere kept by the Treasury Board to show the total cost of accommodating the staffs of departmental, Crown corporations, agencies and other emanations? I am trying to make a distinction between the accommodation that is purely for the public, such as that at an airport.

**Mr. MacDonald:** There are no such figures, senator.

**Senator Grosart:** That has never been broken down?

**Mr. MacDonald:** I believe not.

**Senator Grosart:** The reason I ask that is in the 13 standard objects it does not appear.

**Mr. MacDonald:** No, standard objects do not take account of purpose, but just these capital expenditures. For instance, here under capital expenditures and the amounts paid for rental from private agencies of government offices are shown here under rentals. However, there is more than one way of looking at expenditures.

**Senator Grosart:** But why are rentals shown as a type of expenditure, but not the capital costs?

**Mr. MacDonald:** The capital costs do appear in the standard objects tables.

**Senator Grosart:** Where would they be?

**Mr. MacDonald:** If you were to return to table 6, page 1-50, you would see for the Department of Public Works, under the column Construction and Acquisition of Land, Buildings and Equipment, is shown \$210 million. Under the column Construction and Acquisition of Machinery and Equipment is shown an amount of \$54 million. That is under the column Standard Object (8), Construction and Acquisition of Land, Buildings and Equipment, and similarly under Standard Object (9), for Machinery and Equipment.

**Senator Grosart:** So you would add this to rentals?

**Mr. MacDonald:** Yes. Now, if you were to look over further under Standard Object (5), you would see \$174 million in rentals.

**Senator Grosart:** Which would be \$332 million for rentals?

**Mr. MacDonald:** There is some difficulty in that, senator, because in the Department of Public Works there are capital programs having to do with marine. Part of their program is a marine program. There are also some roads which Public Works handles through National Parks, insofar as there are any expenditures on the maintenance of the Trans-Canada Highway. So if we were to add the \$300 million for rentals and the \$800 million for construction,

which would give a total of something over \$1 billion, we might be something over, or less, than the cost of accommodating government personnel. In rentals, of course, are included such things as computer rentals.

**Senator Grosart:** That is what I say; there would be no way of finding out?

**Mr. MacDonald:** It would be, senator, a major study and I believe we would then run into the question of what are we comparing. If the government owns a building which it built itself many years ago, then there are no capital or rental costs attributed to a particular fiscal year. However, if it rents what I might say is almost equivalent accommodation, it appears as a rental cost in the estimates for that year.

**Senator Grosart:** Would there be any rental or construction costs not shown as either rentals or construction?

**Mr. MacDonald:** Of government departments?

**Senator Grosart:** Yes; I am only speaking of housing of government personnel.

**Mr. MacDonald:** Except insofar as what we are talking about now, which is now capital construction. So, again, if the government owns a building the costs that appear in the accommodation program of the Department of Public Works are the repairs, maintenance and cleaning of that building. So, if we were to attempt to arrive at the total cost of housing government employees, we would have to attribute some of the expenditures and get into at least a depreciation scheme, which would reflect the fact that, I suppose, most of the public service is housed in accommodation which was built before the fiscal year 1976-77.

**Senator Grosart:** Yes, although from the point of view of assessing the efficiency of that operation it would be a rather important figure to have. In other words, to answer the question, is it cheaper for the government to rent, or to build?

**Mr. MacDonald:** I think that that particular question has been studied from time to time.

**Senator Grosart:** So they must have come up with figures.

**Mr. MacDonald:** Well, at one stage they would appear to have come up with a figure indicated it was cheaper to rent, but that ignored the fact that all the appreciation of the land would revert to the private sector.

**Senator Grosart:** Yes.

**Mr. MacDonald:** And it would appear that a more realistic view at the present time is that we take the construction, shall we say, that is taking place in Hull, in connection with which there is a very considerable value in the long term to a piece of downtown land. The difficulty with respect to that, of course, is that there are these lease-purchase arrangements.

**Senator Grosart:** Yes, that is the third alternative.

**Mr. MacDonald:** Yes, and I would imagine that the Department of Public Works has carried out studies and; they would be in a much better position to answer this question.

**Senator Grosart:** The Vice-Chairman will be interested in that comment, for a special reason.

**Senator Carter:** Would the state of the economy not enter into the picture, because with high unemployment the government would encourage building in order to create employment and thus stimulate the economy?

**Mr. MacDonald:** I believe that has influenced the government, yes. From time to time concern for the government's own cash disbursements have, I believe, led to rental as opposed to construction choices.

**The Deputy Chairman:** Section 22, Regional Economic Expansion?

**Senator Carter:** On page 22-4 with respect to the loan to the Newfoundland Development Corporation of \$1,500,000, that is a new expenditure and there was no expenditure last year. That board was set up at least three or four years ago and my understanding is that it was to be a joint venture between the federal and provincial governments.

**Mr. MacDonald:** I believe that is correct.

**Senator Carter:** Why was there no expenditure last year?

**Mr. MacDonald:** I am unable to answer that question. I can find that out. It might have been in the nature of a grant, which would have appeared under the heading of Vote 10 where all the grants are.

**Senator Carter:** Oh, yes.

**Mr. MacDonald:** There is program legislation behind this sort of budgetary expenditure in most cases. The loan program, on the other hand, usually derives its authority entirely from the Appropriation Acts so the specifications about loan expenditures tend to be much greater in the estimates than for the operating grants expenditures.

**Senator Carter:** So when they make a loan to this board they collect back the part that is federal.

**Mr. MacDonald:** This loan of \$1½ million would be entirely federal.

**Senator Carter:** Would that be kept separate from the provincial funds?

**Mr. MacDonald:** I do not know enough about this to answer your question, but if, as I believe the case to be, there is some sort of shared responsibility, than I doubt that it would be kept separate in expenditures. But the liability of the corporation to the federal government would be separate from the liability of the corporation to the provincial government.

**Senator Carter:** So there is a loan to the board as a board and they are obligated to pay that back.

**Mr. MacDonald:** Yes. It would appear as one of our assets and one of their liabilities.

**Senator Carter:** Would that be at the current rate of interest?

**Mr. MacDonald:** As you see, the terms and conditions are set out in the agreement and I would have to find out what the particular cost here was.

**Senator Grosart:** What is the standard formula for loans to crown corporations?

**Mr. MacDonald:** It is the government's borrowing rate plus one-half of 1 per cent. Sometimes it is rather more favourable than that in special cases, however.

**Senator Hicks:** Favourable to the borrower?

**Mr. MacDonald:** Yes. Not, that I have ever known of, to the government.

**Senator Carter:** On page 22-12 there is an allocation of \$83 million for industrial incentives. How much of that will be going to business?

**Senator Grosart:** Business or industry?

**Mr. MacDonald:** Under the description of that program, which is on page 22-8, the industrial incentives is given as the "Improvement of employment opportunities by inducements to the establishment, expansion and modernization of appropriate plants . . ." That would indicate that all of it goes to industry.

**Senator Carter:** I take it all of these come under the heading of contributions so that nothing is collected back.

**Mr. MacDonald:** That is correct.

**Senator Carter:** This is a straight donation, then, to some form of industry.

**Mr. MacDonald:** That is correct.

**Senator Grosart:** Would you give us again the distinction between grants and contributions?

**Mr. MacDonald:** They are both described as payments by the government for which the government receives no return in goods or services, or no *quid pro quo*. A contribution requires in cash terms, or in kind, a participation by another party at some agreed level. For instance, in this case in the regional economic expansion the provinces participate in cash terms. I think the ratios are 50-50, 60-40 or 80-20, depending on what part of the country it is. The relative share is subject to audit by the federal government or by an auditor acceptable to the federal government. A grant does not require the participation of the other party and is not subject to audit but is subject to other terms and conditions—you know, some sort of specification as to the particular purpose.

**The Deputy Chairman:** Section 23? Section 24, Secretary of State?

**Senator Grosart:** Mr. Chairman, on page 24-54 under Canadian Broadcasting Corporation, what is the reason for the jump from \$343 million to \$415 million, year to year? It is a very big jump.

**Mr. MacDonald:** It is broken down there. The simplest item is the extra \$10,600,000 being provided relative to the corporation's role as the host country broadcasting services. Then there are the operating expenditures. As you will appreciate, the revenues of the corporation are expected to grow only by \$3 million, but the operating costs of the corporation are going up as are the operating costs of any other entity through salaries, wages and higher costs for goods and services. There are also some new programs and extended coverage by the CBC in various areas. There is the northern program and there is some of the consolidations of their facilities in Toronto. That would be in the capital area. This was a deliberate decision by the government. There has been considerable



restraint placed on the CBC in recent years and this is a reversal of that for the time being at least.

**Senator Grosart:** We are now making payments under Vote 55 to the CBC for capital expenditures instead of the previous policy of loans which we never realized.

**Mr. MacDonald:** The result of the former approach, which was questioned by this committee, was to make loans to the CBC and then provide the CBC, through budgetary expenditures, with the money to service the loans. This is a clear recognition of the fact that those loans were not going to be repaid.

**Senator Grosart:** How much was written off?

**Mr. MacDonald:** I am not too sure that it has in fact been written off yet.

**Senator Grosart:** I mean in effect. How much? What is the amount of the loans that we are not likely to recover?

**Mr. MacDonald:** Perhaps Mr. Stimpson could find out what the outstanding balance is.

**Senator Grosart:** The figure must be in the billions, I think.

**Mr. MacDonald:** I think not. I do not believe it is that high. It is in the tens of millions, perhaps.

**Senator Grosart:** I am thinking of the years from the start of the CBC.

**Mr. MacDonald:** The problem is that some of it was repaid, but through appropriations, so that we would have an outstanding balance.

**Senator Hicks:** But it was still a dead weight on the federal government.

**Mr. MacDonald:** Yes.

**Senator Hicks:** My next question related to this, too. When you make this appropriation in vote 55 to the CBC for capital expenditures, that in fact goes to make up the total of the \$38 billion or \$42 billion which is the current budget of Canada, so while you call that a capital expenditure for the CBC, it is an operating or current expenditure in so far as the budget of Canada is concerned.

**Mr. MacDonald:** The payments to Crown corporations and the deficits of Crown corporations are not included either in an operating sense or a capital sense. Senator Grosart was referring to the standard objects table earlier. The capital expenditures appearing in that table are the capital expenditures of the departments of government. The Crown corporations are treated—and I think this is a defective classification—under “All Other Expenditures,” so that it is a payment out of the government sector, narrowly defined, to the Crown corporate sector, and is not classified as our capital expenditure.

**Senator Hicks:** No, but it is included in our total operating budget or total current expenditures.

**Mr. MacDonald:** Yes.

**Senator Grosart:** Has any consideration been given to including the net cost to the consolidated revenue fund of Crown corporations, agencies and so on, as a type of expenditure separate from the others? There always seems to be resistance to the idea of telling us how much these Crown corporations are costing us.

**Mr. MacDonald:** Do you mean in the sense of how much the government provides?

**Senator Grosart:** Yes.

**Mr. MacDonald:** It is, as you know, reported in the Public Accounts. It is our fervent hope that the Estimates for 1977-78 will show all the loans made to Crown corporations. We only show part of them here.

**Senator Hicks:** What do you mean? Brought together?

**Mr. MacDonald:** At this point in time, senator, all we have in the Estimates are those loans for which other authority does not exist. That is, you have a complete presentation of budgetary expenditures here, and an incomplete presentation of non-budgetary expenditures. I have no adequate explanation of why this is the case, but, for instance, all the loans under the National Housing Act are not in here. All the loans that would go to PetroCan are not in here. There is detail, for instance, about the Farm Credit Corporation in here.

The minister referred earlier to expected levels of expenditure for 1976-77—if he did not refer to it today, he has done so on another occasion—of \$42.150 million. In that figure is the expected cash flow on all the expenditures in here on all the supplementary estimates and, pertinent to this question, under all the other legislation where Parliament has given continuing authority to make loans. It is our hope that we will do a more adequate presentation in here in future so that there will be a source of information between one set of covers of what the government expects it will be lending to these other Crown corporations.

**Senator Grosart:** We have been talking about that in this committee for some time, Mr. MacDonald. You make us feel sometimes that we are not wasting your time or ours by calling you here.

**Mr. MacDonald:** There have been a number of changes in this book over the years, senator, that reflect the concerns of this Committee.

**Senator Barrow:** Senator Grosart has asked some of the questions I was going to ask, but one of the things that it seems to me account for this increase is the fact that the CBC is being restricted from selling advertising.

**Mr. MacDonald:** Radio advertising.

**Senator Barrow:** But it is all part of the CBC.

**Mr. MacDonald:** That is correct.

**Senator Hicks:** Television advertising it does sell, of course.

**Mr. MacDonald:** Television advertising does sell.

**Senator Barrow:** Is this not something that should be looked back into and used as another means of revenue for the CBC?

**Mr. MacDonald:** The decision was a (deliberate) decision of the government, as a service to the public, in that the advertising detracted somewhat from the entertainment value of radio. This would be a policy question of government.

**Senator Barrow:** I just wanted to get it on the record.

**Senator Grosart:** Are we on Transport yet?



**The Chairman:** We are up to No. 25, the Solicitor General, but we will go further on if there are no questions.

**Senator Grosart:** I was wondering how we got to Air Canada.

**Mr. MacDonald:** Mr. Chairman, if you will permit, I would answer the question asked by Senator Grosart about the outstanding loans to the Canadian Broadcasting Corporation and it is shown as \$198 million.

**Senator Hicks:** Does that include those that have been written off or paid out of revenue?

**Mr. MacDonald:** It does now.

**Senator Hicks:** So the total advances to the CBC would be substantially greater than that?

**Mr. MacDonald:** We could possibly find that out. I will see if we can.

**Senator Grosart:** I would like to have that figure because this is really just the last of several write-offs.

**Mr. MacDonald:** I think the capital program of the CBC is now in the order of \$60 some million. I remember for some years it was less, or less than half.

**Senator Hicks:** Per year?

**Mr. MacDonald:** Per year. Of course there were earlier years when it was \$5 million. We will find out what it is.

**The Chairman:** Solicitor General, we went through: section 26, Supply and Services; section 27, Transport, and again we are prepared to go back at any time.

**Senator Barrow:** On section 24-106 and 107, it shows in the estimates that there is a change of \$15,800,000. When you come down into the program by activities, under the total in the second last section it shows estimates of \$79 million and some. The total forecast expenditures is \$70 million for 75-76, whereas on the opposite page the total estimates were \$63 million. Now, is there a difference between estimates and forecast expenditures?

**Mr. MacDonald:** This book would be tabled in mid-February and is compiled on the basis of data available to something like mid-December. What you would have on 24-106 are all the estimates that had been tabled to date for the year 75-76 and then for 76-77 the figures are in this book.

Over on the other page, where we are talking about total expenditures, it was an attempt to forecast all expenditures for the year, including further supplementary estimates.

**Senator Grosart:** This has been going on for every department, in every page through the book?

**Mr. MacDonald:** That is right.

**Senator Grosart:** Are we to Transport yet?

**The Chairman:** Yes, we are on Transport. That is the next one I was going to call.

**Senator Grosart:** On page 27-4 there is a very large decrease in the CNR requirements, \$137 million. Where is the detail?

**Mr. MacDonald:** The detail would start at page 27-68.

If we are at page 27-68, you will see that the major portion of that difference occurs in the last entry, loans for capital purposes to Canadian National Railways. A change was made in the authority of the Canadian National Railways to borrow money. There was a restriction on CNR's capacity to borrow because they were not allowed to borrow at more than 6 per cent from the private sector, or from anywhere. The government passed legislation to change that, with the intent being that CNR could go to the private market.

All that remains, essentially, in here is the government's investment in preferred shares, which is done every year under the Railway Act.

**Senator Grosart:** This really is just a transfer of an expenditure item from government loans to the private sector?

**Mr. MacDonald:** Yes.

**Senator Grosart:** This would then show in the Public Accounts?

**Mr. MacDonald:** It would show in Volume 3 of the Public Accounts under the presentation for the Crown corporation of the Canadian National Railways.

**Senator Grosart:** This does not then actually represent a decrease in expenditures chargeable one way or another to the Consolidated Revenue Fund?

**Mr. MacDonald:** It does because the money that was borrowed by the CNR, and in this case it is \$135 million for 1975-76, was borrowed by the government and placed in the Consolidated Revenue Fund and then paid out to the CNR.

**Senator Grosart:** It would show a decrease on the loans account only, and not in the budgetary account.

**Mr. MacDonald:** The borrowings of a similar nature by Canadian National Railway would not enter the government's accounts at all in the year 1976-77. I think in fact the CNR may be going to New York and they would borrow money there to put into their own accounts and the disbursements would be from their accounts. The Canadian National Railway funds are not consolidated with the Consolidated Revenue Fund.

**Senator Carter:** On the same page there, dealing with the Canadian Transport Commission, payments under the Atlantic Region Freight Assistance Act have gone down. As a matter of fact you have it at pretty well the same amount as they paid last year. You don't anticipate any increase?

**Mr. MacDonald:** You may remember that one of the measures under the Government Expenditures Restraint Act dealt with these payments. No, I beg your pardon, it is not in there. This was one of the measures that the government was taking to cut the subsidy payments—I believe the intrasubsidies—and I believe there are discussions going on now with the provinces about a different approach to this.

**Senator Carter:** That is regarding freight assistance?

**Mr. MacDonald:** Within the Atlantic region rather than from the Atlantic region to central Canada.

**Senator Carter:** It looks here as if you have made a judgment that the economy of the Atlantic region is going

to be stagnant and there will be no more freight payments than in the previous year and perhaps even less.

**Mr. MacDonald:** As I say, the government is attempting to produce a change in the kind of subsidy payments being made. Some of them have been considered as having a negative effect on the growth of the economy, that is as preventing the growth of other forms of transportation because of the highly favoured position given to the railways. As you may know, the subsidy was at one time extended to the trucking industry as well, but I understand it is now under discussion for review.

**Senator Barrow:** It looks as though you had provided for it in 1975-76, but in the forecast of expenditures for 1975-76 it has been taken out. This is on pages 27-72 and 27-73. In 1975-76 it shows a total reduction of \$118 million and \$23 million of it applied to subsidies for the Atlantic region. But in your total forecast of expenditures there is only \$367 million as against your estimate of \$383 million.

**Mr. MacDonald:** There are a number of changes involved there. For instance, there is the Railway Grade Crossing Fund which is included in there. Contributions amounting to \$10 million were made to that fund last year and as part of the restraint exercise there are no payments provided for in 1976-77, partly having to do with the fact that the fund, as of December 31, 1975, had a large credit balance of \$33 million. So this is a very large program. There are many elements to it, changes up and down.

**Senator Grosart:** I think we have asked you this once before, namely, to give consideration to changing the title of that column. That "forecast" is always very misleading, because it is actually not a forecast at all. It is the very opposite of a forecast. It is an assumption, when most of the expenditures have been made, as to what the total might be.

**Senator Hicks:** Have been partially made.

**Senator Grosart:** Well, they have all been made.

**Senator Hicks:** By now they have, but not when this volume was prepared.

**Mr. MacDonald:** They were forecast, as I say, roughly in December. It is correct to say, if you "project" it or "forecast" it, that it is our best forecast of what the final situation will be.

**Senator Grosart:** But that is made after most of the expenditures have been made.

**Senator Hicks:** No.

**Mr. MacDonald:** No. In actual terms there are still some four or five months.

**Senator Hicks:** We are considering it after they have been made, but they were not made.

**Senator Grosart:** That is what I say. It is not really a forecast of the whole year's expenditures, because at that time you know six or seven months expenditures and you know also the budgeting for the other. I am saying that the word "forecast" is very confusing.

**Senator Hicks:** It is used in most legislatures, though. It is a standard term.

**Senator Grosart:** But we have changed a lot of standard terms here.

**Mr. MacDonald:** The same sort of thing appears in the budget.

**Senator Grosart:** Yes, I know.

**Mr. MacDonald:** I am afraid I do not follow, senator. It is, in fact, a forecast of what we expect the total expenditures will be for that item—

**Senator Hicks:** Based upon X months actual and Y months estimated, X plus Y equalling 12.

**Senator Grosart:** I am merely saying that the word "forecast" is normally used to refer to something that has not yet happened—totally.

**Senator Hicks:** This hasn't happened totally.

**Senator Grosart:** You would normally use the word "estimate," but there is a reason why you cannot use it. You would normally say "an estimate of the expenditures."

**Mr. MacDonald:** Internally on our more speculative figures we use "projected" as opposed to "forecast."

**Senator Grosart:** It is not quite the same, because that has an indication of futurism also. I hope you will still try to think of a better word.

**Senator Hicks:** I hope he doesn't, as a matter of fact, I have two small points. On page 27-62, "Air Canada." I refer to interest payments. You have \$975,000. It is explained:

The reimbursement of Air Canada for the payment of interest on loans provided for the construction of a Line Maintenance Hangar at Winnipeg, Manitoba.

If we pay that interest to Air Canada, who owns the hangar? Does Air Canada own it?

**Mr. MacDonald:** Air Canada was given a loan by the federal government for the purposes of constructing that hangar. It was, in a sense, instructed by the government to construct that hangar. The agreement was made that we would compensate them for the interest costs.

**Senator Hicks:** So we loaned them the money, and now we are paying the loan off for them.

**Mr. MacDonald:** The justification being that this is a crown corporation acting on the instruction of the government to do something they would not otherwise have done.

**Senator Hicks:** Now, back on page 27-2, following that interest item there is a further item of Loans to Air Canada, \$12 million. That is not carried through to 27-62. What do we infer from that?

**Mr. MacDonald:** It is carried through, you will notice, at the top of page 27-63. You will notice that \$12 million as a presentation—

**Senator Hicks:** I am sorry. I took that to be the French side. That is fine. That is a further loan, then—

**Mr. MacDonald:** That is the loan itself—

**Senator Hicks:** For the line maintenance hangar at Winnipeg—

**Mr. MacDonald:** And they will have to repay that loan.

**Senator Hicks:** It is just as easy to look at page 27-2. The Atlantic Pilotage Authority gets a grant of \$1.3 million,



and has had some previously. On the next page you will find one for the Great Lakes Pilotage Authority, Ltd. I am at a loss to understand why no such grant was paid in 1975-76 in either case and some others?

**Mr. MacDonald:** At that particular point in time and I refer again to its being the month of December—these Crown corporations were established as what were called proprietary corporations, which are supposed to pay their way—the structure of the high salary cost, the degree of, well, almost I do not believe it would be improper to say featherbedding within some of these corporations—all this has meant that the costs of operation are much higher than their receipts. So, at the time the government refused to provide them with money through the Main Estimates or in the first Supplementary Estimates, in an effort to force an adjustment in the pilotage rates. I point out that that is Estimates to Estimates we were looking at. If we were to take the Atlantic Pilotage Authority, for which there is a detailed presentation at page 27-66, we would find a forecast of expenditures there of \$1.9 million.

**Senator Hicks:** But it merely means that the government participates intermittently in baling them out.

**Mr. MacDonald:** Well, it has not been quite intermittent, but it has been every year. However, this did appear to have the effect of pushing the increase in the pilotage rates and reducing the amount that would have been otherwise payable, but it was handled through final supplementary estimates last year.

**The Deputy Chairman:** Are there further questions with respect to transport?

**Senator Barrow:** With respect to page 27-101, what is the reason for the reduction of \$6 million with respect to the St. Lawrence Seaway Authority? I thought it would have increased, rather than decrease.

**Mr. MacDonald:** I cannot remember the details of this. It would reflect the fact that their revenue position had improved somewhat, but we will find that out particularly and report back.

**Senator Barrow:** I believe they have increased their revenue, or put in increased tolls.

**Mr. MacDonald:** Yes, that would be a reflection of this. These are just the deficits of the corporations, you will appreciate.

**The Deputy Chairman:** Treasury Board; section 28.

**Senator Grosart:** At page 28-2, Government Contingencies and Centrally Financed Programs; I know these are separate votes, but are they separate accounts?

**Mr. MacDonald:** Yes.

**Senator Grosart:** What is the significance of the title Centrally Financed Programs? It really means Treasury Board financed.

**Mr. MacDonald:** These monies are not for the operation of the department known as the Treasury Board. They are for the operations of all departments and agencies of

government. In the case of government contingencies this has to do with programs the details of which are usually decided upon in February or maybe January, such as the student summer employment program. They can then be included in these estimates. However, the details of the program are decided upon later and allotments are then made from vote 10 of Treasury Board to the departmental votes which are charged with the responsibility of implementing the program. The largest of these programs was the Opportunities for Youth Program, which was actually administered by the Department of Manpower and Immigration. The reason for this delay is that every year an evaluation is carried out of the summer employment for students program to find out where the most dollars or the greatest social benefit is. It is not possible to complete this analysis as early as these estimates must be closed. The public service bilingualism program is in some sense similar. The decisions as to who will go on French next year in each department are not made in October of the previous year, but as the year goes on.

**Senator Grosart:** Are these funds then all allocated to departments, or does the Treasury Board itself, or the fund, actually determine the programs and the recipients.

**Mr. MacDonald:** The answer to both your questions, senator, is "yes." The Treasury Board then determines the amounts and the recipients and then makes the allocations to the departments on that basis.

**Senator Grosart:** And it is all allocated?

**Mr. MacDonald:** Some of it lapses from time to time. What is spent is allocated.

**Senator Grosart:** But that is the difference between these funds and the Contingency Fund?

**Mr. MacDonald:** The Contingency Fund is allocated and then, except for salary items, is dealt with in subsequent supplementary estimates and recovered, as it were, and appears as a charge to the departmental appropriation to the subsequent parliamentary authority.

**The Deputy Chairman:** Next, Urban Affairs.

**Senator Carter:** No questions.

**The Deputy Chairman:** Finally, Veterans' Affairs.

**Senator Carter:** No questions.

**The Deputy Chairman:** If there are no further questions, may I have a motion to report to the Chamber on the Estimates?

**Senator Grosart:** I wonder if we might see a copy of the report, Mr. Chairman, before it is presented.

**The Deputy Chairman:** If that is the wish of honourable senators, yes.

**Senator Grosart:** Perhaps it could be dealt with by a steering committee. It is no reflection on you, Mr. Chairman. I think it is a good principle that the committee itself, or a steering committee, approve the report.



**The Deputy Chairman:** Are you in agreement that the steering committee review the report before it is submitted.

**Senator Grosart:** Perhaps copies can be distributed to members of the committee with a request for any com-

ments they may have. We do not require a further meeting of the committee on it.

**The Deputy Chairman:** The report will be made available to the steering committee prior to being submitted.

The committee adjourned.



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Government  
Publications

FIRST SESSION—THIRTIETH PARLIAMENT  
1974-76

THE SENATE OF CANADA  
PROCEEDINGS OF THE  
STANDING SENATE COMMITTEE ON  
**NATIONAL FINANCE**

The Honourable DOUGLAS D. EVERETT, *Chairman*  
The Honourable HERBERT O. SPARROW, *Deputy Chairman*

\_\_\_\_\_  
Issue No. 33  
\_\_\_\_\_

THURSDAY, JUNE 17, 1976  
\_\_\_\_\_

Complete Proceedings on:

The Supplementary Estimates (A) laid before Parliament  
for the fiscal year ending March 31, 1977

\_\_\_\_\_  
REPORT OF THE COMMITTEE  
\_\_\_\_\_

(Witnesses—See Minutes of Proceedings)



STANDING SENATE COMMITTEE ON  
NATIONAL FINANCE

The Honourable D. D. Everett, *Chairman*;

The Honourable Herbert O. Sparrow, *Deputy Chairman*.

The Honourable Senators:

Barrow	Hicks
Benidickson	Langlois
Carter	Manning
Côté	Neiman
Croll	*Perrault
Desruisseaux	Prowse
Everett	Robichaud
*Flynn	Smith ( <i>Colchester</i> )
Giguère	Sparrow
Graham	Yuzyk
Grosart	

20 Members (Quorum 5)

\**Ex officio* member

# Order of Reference

Extract from the Minutes of Proceedings of the Senate of  
Tuesday June 8, 1976:

“With leave of the Senate,

The Honourable Senator Langlois moved, seconded  
by the Honourable Senator McDonald:

That the Standing Senate Committee on National  
Finance be authorized to examine and report upon the  
expenditures set out in the Supplementary Estimates  
(A) laid before Parliament for the fiscal year ending  
the 31st March, 1977.

The question being put on the motion, it was—  
Resolved in the affirmative.”

Robert Fortier,  
*Clerk of the Senate.*

# Minutes of Proceedings

Thursday, June 17, 1976

Pursuant to adjournment and notice the Standing Senate Committee on National Finance met this day at 11:00 A.M. to consider the Supplementary Estimates (A) laid before Parliament for the fiscal year ending March 31, 1977.

*Present:* The Honourable Senators Everett (*Chairman*), Barrow, Langlois, Neiman, Robichaud, Sparrow and Yuzyk. (7)

*In attendance:* Mr. J. H. M. Cocks, Director of Administration; Mrs. Helen Small, Parliamentary Centre.

*Witnesses from the Treasury Board:*

The Honourable Jean Chrétien  
President

Mr. Lloyd Francis, M.P.  
Parliamentary Secretary to the  
Honourable Jean Chrétien

Mr. Guy Cousineau  
Chairman of Loto Canada

Mr. M. A. J. Lafontaine  
Deputy Secretary  
Administrative Policy Branch

Mr. B. A. MacDonald  
Deputy Secretary  
Program Branch

Mr. J. F. Fulton  
Plans and Evaluations Branch

At 12:20 P.M. the Committee proceeded *In Camera*.

After discussion, the question being put, it was *agreed* that the report on said Supplementary Estimates (A) be presented this afternoon.

At 12:45 P.M. the Committee adjourned to the call of the Chairman.

ATTEST:

Gérard Lemire,  
*Clerk of the Committee.*



# Report of the Committee

Thursday, June 17, 1976

The Standing Senate Committee on National Finance to which the Supplementary Estimates (A) laid before Parliament for the fiscal year ending 31st of March 1977 were referred; has in obedience to the order of reference of Tuesday, June 8, 1976 examined the said Estimates and reports as follows:

1. In obedience to the foregoing the Committee made an examination of the Supplementary Estimates (A) and heard evidence from the Honourable Jean Chrétien, President of the Treasury Board, Mr. L. Francis, Parliamentary Secretary to the President of the Treasury Board, Mr. M. J. A. Lafontaine, Deputy Secretary, Administrative Policy Branch of the Treasury Board, Mr. Guy Cousineau, Special Adviser for Loto Canada Inc. to the President of the Treasury Board and Mr. Bruce MacDonald, Deputy Secretary, Program Branch of the Treasury Board.

2. Supplementary Estimates (A) total \$5 million in respect of:

- a) The purchase for \$1 of the shares of Loto Canada Inc.;
- b) Working capital advance not exceeding \$5 million to the said Loto Canada Inc.

3. Loto Canada Inc. will be incorporated under the Canada Corporations Act and all the shares therein will be held by the Government of Canada.

4. Loto Canada Inc. will conduct a national lottery along the lines of the Olympic Lottery, with a first draw following the final draw in the Olympic Lottery which is to take place on August 29th, 1976.

5. Mr. G. Cousineau, formerly Chairman of the Unemployment Insurance Commission, will be Chairman of the Board of Directors of Loto Canada and he has indicated to the Committee that while the lottery will be operated on a similar basis to the Olympic Lottery, there will be a specific review of the distribution system and the amount of commission paid.

6. The net revenues of Loto Canada Inc. will be credited to the National Lottery Account in the accounts of Canada and the monies paid to the Receiver General of Canada. The Receiver General is authorized to divide the net revenues as follows:

- a) in the current fiscal year up to 5% for Physical Fitness, Amateur Sports and Recreation programmes in accordance with regulations to be established;
- b) until the 31st day of December, 1979, up to 12½% to

the government of each province in the proportion to the number of tickets sold by Loto Canada Inc. in each province;

c) up to 82½% to Régie des installations olympiques to assist in the financing of the deficit of the 1976 Olympic Games and the XI Commonwealth Games Canada (1978) Foundation to assist in the financing of the 1978 Commonwealth Games.

7. The Committee noted that the payments of the 82½% and the 12½% are subject to the 5% to be directed to Physical Fitness, Amateur Sport and Recreation programmes. However, the 82½% and 12½% are set for three years while the 5% is set for the current fiscal year. Under the terms of the Supplementary Estimate, it would therefore be possible for the government to vary the 82½% and 12½% by varying the 5%. The witnesses assured the Committee that if this were done, it would require an item in the Estimates.

8. The Minister stated that it was his intention that the Annual Report of Loto Canada Inc. be tabled in the Senate, and that the 5% of the net revenues to be directed to Physical Fitness, Amateur Sport and Recreation programmes will be shown each year in the estimates of the Department of Health and Welfare. The witnesses assured the Committee that the regulations to be established in respect of Loto Canada Inc. will restrict the number of draws to thirteen, being four draws per year and ending with the last draw prior to December 31st, 1979. Based on the experience of the Olympic Lottery, it is estimated that the gross ticket sales would be approximately \$700,000,000 and if this revenue is realized, the amount available for the deficit of the 1976 Olympic Games and the financing of the 1978 Commonwealth Games will be approximately \$300,000,000. The witnesses estimated that the present deficit of the Olympic Games is in the neighbourhood of \$900,000,000.

9. The witnesses assured the Committee that following the 13th draw, no further draws will take place unless the regulations are changed by the government. The Minister indicated to the Committee that it is his intention to bring the matter to Parliament prior to the change of those regulations.

10. The Committee expressed its concern to the Minister and his officials about proceeding to establish Loto Canada Inc. and a national Canadian lottery by way of a Supplementary Estimate. It has been the view of this Committee for some time that Supplementary Estimates should not be used for this purpose and therefore Loto Canada Inc. should have been established by the introduction of a Bill in Parliament. The Minister explained that the Olympic Lottery is to come to an end on August

29th, 1976. Officials of the Olympic Lottery and COJO were unable to obtain the co-operation of certain other provinces in Canada to continue the Olympic Lottery beyond August, 1976 on its present basis, whereby the bulk of the net revenues goes to finance the Olympic Games. The Federal Government decided to continue the lottery for three years to assist in the financing of the deficit of the Games. So as not to lose momentum and facing the adjournment of Parliament, the government sought to bring in legislation in the other place with agreement from the opposition parties that it would be dealt with in an expeditious manner. The government was unable to achieve such an agreement and while it could have proceeded to incorporate and fund Loto Canada Inc. without reference to Parliament (*as has been done in the case of other crown corporations, e.g. Atomic Energy*) the government decided to proceed by way of Supplementary Estimates. This meant that the matter was referred to the Miscellaneous Estimates Committee in the other place and to the Standing Senate Committee on National Finance in the Senate, whose report is subject to debate in the Senate. While your Committee is concerned with this method of procedure, in these particular circumstances it feels there is justification although this should not be viewed as a precedent for proceeding in this way in the future.

11. Questions were asked about the consultations that have been undertaken by the Federal Government with the Provincial Governments in respect to the establishment of Loto Canada Inc. The witnesses indicated that a very limited consultation had taken place but that it is expected that detailed consultations on the continuation of Loto Canada Inc. after December 31st, 1969 will take

place at a Federal-Provincial Meeting on the subject in September, 1976. Witnesses were not forthcoming about the conditions of agreements with the provinces that will be required to effectively continue a Canadian lottery with the co-operation of the provinces.

12. The witnesses assured the Committee that while some three years ago the Federal Government had amended the Criminal Code to permit provinces to conduct their own lotteries, this did not mean that the Federal Government had vacated the field. The witnesses were of the opinion that the Federal Government had the power to conduct a national lottery and to sell the tickets throughout Canada without the consent of the provinces.

13. While the amount to be paid from the net revenues of Loto Canada Inc. to assist in the financing of the deficit of the 1976 Olympic Games is to bear no relationship to the actual deficit suffered, nevertheless the contribution is to be made from revenues to be received by the Federal Government from the people of Canada without the Federal Government having had any control over the expenditures that resulted in the deficit. The Committee is in agreement that the Federal Government should give such assistance to the 1976 Olympic Games; however, the Committee cautions the Federal Government that it should not use revenues derived from the people of Canada to cover provincial or municipal expenditures without having had adequate controls imposed on them by the Federal Government.

Respectfully submitted,

D. D. Everett,  
Chairman.

# The Standing Senate Committee on National Finance

## Evidence

Ottawa, Thursday, June 17, 1976

The Standing Senate Committee on National finance, to which were referred the Supplementary Estimates (A) laid before Parliament for the fiscal year ending March 31, 1977, met this day at 11 a.m.

**Senator Douglas D. Everett** (*Chairman*) in the Chair.

**The Chairman:** Honourable senators, we are dealing this morning with supplementary estimates (A), respecting Loto Canada.

We have with us the Honourable Jean Chrétien, President of the Treasury Board, and Mr. Lloyd Francis, M.P., Parliamentary Secretary to the President of the Treasury Board. We also have various officials, including Mr. Cousineau, chairman of Loto Canada.

Mr. Chrétien can only be with us for a short time this morning, so if there are any policy questions to be put directly to the minister I would ask that those questions be put early in the meeting. Mr. Francis, of course, will also be able to address himself to policy questions, but the minister very kindly agreed to appear at this time to accommodate our schedule. To do so, he had to break into a very busy schedule of his own. To do so, he had to break into a very busy schedule of his own.

Do you have an opening statement, Mr. Chrétien?

**The Hon. Jean Chrétien, President of the Treasury Board:** Thank you, Mr. Chairman.

Hon. senators, we are establishing Loto Canada as a continuation, more or less, of the Olympic Lottery, which was authorized by Parliament some time ago in order to aid in the financing of the Olympic Games to be held in Montreal this year. This method of financing is known as self financing. Those in charge of the Olympic Lottery made a fantastic success of it. The federal government has stated on many occasions that it is not its intention to reduce the deficit of the Olympic Games with funds appropriated directly from the federal Treasury, but that if those in charge of the Olympic Games were to come up with a scheme of self financing, we would look at it favourably. To that end, the Government of the Province of Quebec has endeavoured to find a means of continuing the Olympic Lottery following the games, but without success. It could not obtain the necessary agreement of the provinces to do so. Under the present act, the agreement of the various provincial governments is required.

As we had indicated to the Quebec government and the main opposition party in the house, the Progressive Conservative Party, which has precisely the same policy, that we would look favourably on any scheme of self financing, we have decided to establish Loto Canada to run until December, 1979, with 13 draws, to finance part of the deficit of the Olympic Games. I understand that the deficit will be in the order of \$900 million. If Loto Canada is

successful, it could reduce that deficit by approximately \$300 million. In addition to that, if there should be a deficit as a result of the Commonwealth Games to be held in Edmonton in 1978, the proceeds of this lottery will be used to pay that deficit, as long as it is a reasonable one. As things stand now, it does not look like it will be a substantial deficit. I have used the figure of between \$5 million and \$10 million to describe it.

We have also decided that the various provincial governments will receive exactly the same proportion of ticket sales as they presently receive under the Olympic Lottery scheme, which is 5 per cent of the gross proceeds. We are offering the provinces 12.5 per cent of the net, which is, mathematically, almost the same thing. This will give the provincial governments the same amount of money that they presently receive under the Olympic Lottery scheme.

The federal government will retain 5 per cent of the lottery proceeds, which it will include in the estimates for amateur sport and fitness organization. This money will be used to promote fitness and amateur sport in Canada, and will be in addition to the present budget for that purpose.

We have established Loto Canada as a crown corporation by letters patent under the federal Corporations Act. It is not a legislative item, Mr. Chairman. We did it this way in order to provide a ways and means for members of the House of Commons and the Senate to express their views on it. Many crown corporations have been established by letters patent. I chose this route because I wanted the members of the House of Commons and the Senate to express their views on it. For this reason, we have proceeded by way of supplementary estimates for a loan of \$5 million, which will be reimbursed following the first draw of Loto Canada in the fall. We could have found other means of providing this money, such as a bank loan, but we proceeded in this fashion so that the committee of the House of Commons and this committee can express their views on it. We did so on a voluntary basis; we were not forced to do so. The vote took place in the committee of the house this morning and the result was a vote of 11 to one in favour of this scheme. Both major parties in the House of Commons supported it. The one dissenting voice was that of Mr. Knowles.

If there are any questions on policy, I would appreciate having them put in the next few minutes. The cabinet is meeting this morning and there are three items before the cabinet which need my attention. Being President of the Treasury Board, I have my fingers in every pie. Mr. Francis, my Parliamentary Secretary, has been following the discussion and can probably answer your questions as well as I can, if not better.

Following the first round of questions, with your permission, I should like to leave the responsibility to my Parliamentary Secretary and the departmental officials. Along with Mr. Francis, you can question Mr. Cousineau who will



be the chairman of Loto Canada. He was formerly president of the Unemployment Insurance Commission. Mr. Fulton is also present. Mr. Fulton was the liaison officer between the federal government and the Olympic Lottery people. He spent a great deal of time at the site. There are, of course, other officials of Treasury Board present, so that members of the committee will receive the best answers possible.

**The Chairman:** Thank you, Mr. Chrétien; we appreciate your cooperation. We were anxious to have this matter before the house, where a number of honourable senators which to debate it, before the supply motion comes down. We do appreciate the fact that you were willing to come this morning, even for a brief time.

Are there any questions for the minister?

**Senator Langlois:** Mr. Minister, does this mean that there will be an item in the estimates until this program comes to an end?

**Hon. Mr. Chrétien:** The federal government's share of 5 per cent will be identified in the estimates of the Department of National Health and Welfare, thereby giving members of the house and the Senate an opportunity to question it.

Of course, as I have said to the members of the Miscellaneous Estimates Committee, I cannot commit any successor of mine, but so long as I am the minister I will be willing to refer the annual report to the committee. The Prime Minister asked me to organize the administration of this and I have quite a lot of work to do on it, but I hope that one day the Prime Minister will give it to another minister. As I have said, I cannot commit another minister with respect to the annual operation of it or anything else, because each minister is responsible for his own operations. It would be unfair for me to commit a successor, assuming there is a successor.

**Senator Langlois:** Since this will be a special item in the Health and Welfare estimates, will the report come from the Minister of National Health and Welfare or from yourself?

**Hon. Mr. Chrétien:** The report comes from the minister designated. Today that is myself. The items will be under the heading of another minister. If it is the Minister of National Health and Welfare, he will be the one responsible for the disbursement of the 5 per cent, but I am the minister responsible for getting the money, and I will be willing, if I am summoned in front of a committee, to go and explain the operations—taking Mr. Cousineau with me, of course,

**Senator Langlois:** You can depend on being invited by this committee every year.

**Hon. Mr. Chrétien:** I like to go in front of committees. I have had four or five meetings with the House of Commons committee on this matter, and I am here this morning. I am available quite readily. You asked me yesterday to here this morning, and I am here.

**Senator Barrow:** Mr. Minister, have the provinces agreed to this or are they involved in it in any way?

**Hon. Mr. Chrétien:** No. When we established the Olympic Lottery we gave permission to the Quebec government to establish a lottery because lotteries were then forbidden

in Canada. In order to operate in the provinces they had to secure the agreement of the provinces. They wanted to continue this lottery after the Games, and they went into negotiations with the provinces, but those negotiations went nowhere. The poorer provinces agreed to the extension of the Olympic Lottery for the benefit of the one other province, Quebec, but Ontario, for example, said no, that all the money in Ontario would have to remain in Ontario. That is why we had to step in. So we said to the people in Montreal that if they had self-financing schemes we would help them but we would never give them any money from the Treasury. This scheme will now permit any Canadian who wishes to, to help pay part of the deficit through the lottery.

It was gratifying to see last weekend, from the Gallup pool which was taken on it, that 74 per cent of the people agreed with what we are doing.

**Senator Barrow:** Agreed with running a lottery or with paying off a deficit?

**Hon. Mr. Chrétien:** Agreed with going ahead with Loto Canada in order to help pay part of the deficit of the Olympics in Montreal. Seventy-four per cent of the people in Canada agreed to that. In Quebec it was 86 per cent; in the Atlantic region, 84 per cent; Ontario, 69 per cent; the Prairies, 59 per cent; and British Columbia, 73 per cent. The question was: "There has been some talk of continuing the Olympic Lottery to help cover the expected deficit incurred by the 1976 Montreal Olympics. Would you favour or oppose such a continuation?" Seventy-four per cent in Canada said yes; only 16 per cent said no; and 10 per cent had no opinion.

**Senator Robichaud:** Will this lottery be controlled federally?

**Hon. Mr. Chrétien:** Yes.

**Senator Robichaud:** Will there be provincial organizations involved?

**Hon. Mr. Chrétien:** Are you talking in terms of distribution?

**Senator Robichaud:** No, I am referring to the whole organizational structure.

**Hon. Mr. Chrétien:** It will be a national structure. The board of directors will have seven members. The chairman is Mr. Cousineau. It will be necessary to appoint a number of directors. So far I intend to appoint one from the Maritimes, one from Quebec, one from Ontario and one from the West. The directors will advise Mr. Cousineau in his operation. They will not be full-time directors but will be part-time and will be paid on a per diem basis. Mr. Cousineau is the chairman of the corporation, and he intends to take the best staff available from the Olympic Lottery as it is, because they have developed the expertise and have done a fantastic job in the process. When we first authorized the Olympic Lottery we predicted that they would raise, up to the time of the Olympics, \$90 million, more or less. When the last draw of the Olympic Lottery is finished in August they will have raised \$250 million. If this lottery is as successful, by the end of 1979 there will be \$300 million, more or less. That will certainly help to diminish part of the fantastic deficit Montreal is facing of \$900 million.

**Senator Langlois:** Will this be limited to 13 draws?

**Hon. Mr. Chrétien:** Yes. It is predicted that if we sell seven million tickets for every one of the 13 draws, that will bring in about \$300 million to Quebec. There are two unknown quantities. We do not know how much money will have to be diverted to the deficit of the Commonwealth Games in Edmonton. That is not precisely known yet. We are working with a figure of \$10 million at the moment.

**The Chairman:** So the 82½ per cent is \$300 million; that is your present estimate?

**Hon. Mr. Chrétien:** Yes. If the 13 and the 7 million stick together, it will be something like \$325 million, less what will go to Edmonton.

**Senator Langlois:** And the draws are limited to 13?

**Hon. Mr. Chrétien:** Yes, in the present form. In other words, 82.5 per cent will go for the deficit of both Games, 5 per cent will go to the federal government, and 12.5 per cent will be allocated to the provinces according to the number of tickets sold in each province. Under that scheme there will be 13 draws and it will not continue after 1979 without coming back to Parliament. In September I hope to begin meetings with the provincial governments in order to devise a scheme to permit the lottery to carry on as a national lottery after the Games are finished. If we cannot reach agreement there, I do not know what will happen.

**Senator Robichaud:** Will you be increasing the staff which is already in place because of Loto Canada?

**Hon. Mr. Chrétien:** No, we do not expect to have a greater staff within the federal organization than there has been for the Olympic Lottery.

**Senator Robichaud:** The reason I ask the question is that I have already received two applications for a job.

**Hon. Mr. Chrétien:** I have many letters in my office. We intend to keep the people who are valuable on the Olympic Lottery staff because they have been in the business for some years and have been quite successful.

**Senator Sparrow:** How many people are you talking about?

**Hon. Mr. Chrétien:** One hundred and sixteen, in total.

**Senator Sparrow:** Is that what exists at the present time?

**Hon. Mr. Chrétien:** There are a number of positions at the Olympic Lottery which have been vacated, because people have known that the Olympic Lottery will be disbanded, more or less. Some people have already left, so that there are some vacancies.

**Senator Sparrow:** Mr. Minister, why present this to Parliament in an appropriation bill rather than in legislation?

**Hon. Mr. Chrétien:** Because we were hoping the provinces would find a formula among themselves so that we would not have to step in. It became evident late in the spring that there would be no agreement among the provinces. We therefore were left with little parliamentary time. Mr. Clark complained in the house about this, and I said to him that I would prefer to have a bill if we could have a timeframe for a bill, but there was no possibility of

agreement between the house leaders on that, so I had no choice, and I decided to establish a crown corporation by letters patent. There were about 25 of those created in the last 25 years, so it is not unprecedented. I got the idea of a supplementary vote just to provide the opportunity for members of the House of Commons and members of the Senate to make their views known and to be aware of what we were doing, but I was not legally forced to do so. It was simply a kind gesture on my part.

**Senator Sparrow:** Supposing you wanted to continue this at the end of that time, how would you present the situation then to Parliament?

**Hon. Mr. Chrétien:** I don't know, because I have to talk with the provinces first to try to have an agreement. After that the corporation will be there, so I do not know whether we should have a bill at that time or not.

**Senator Sparrow:** You agree to this personally, as a minister, but there would actually be no requirement to bring it back to Parliament?

**Hon. Mr. Chrétien:** There is a commitment on the part of the government that we will bring it back to Parliament. I don't know what form that will take.

**The Chairman:** You have said, Mr. Minister, that there have been 25 crown corporations created by letters patent. Are you also saying that they were handled by supplementary estimates or that a bill was not introduced in Parliament?

**Hon. Mr. Chrétien:** In some cases there was no bill at all. They were created by letters patent without a bill.

**The Chairman:** Can you give us a specific example?

**Hon. Mr. Chrétien:** Yes. Atomic Energy of Canada was one. There are some big ones.

**The Chairman:** And they never went before Parliament in the form of a bill at all?

**Hon. Mr. Chrétien:** No. If you do not have any further questions, could I leave you with Mr. Francis?

**The Chairman:** I have one further question.

**Hon. Mr. Chrétien:** Well, you can ask it of Mr. Francis. He will give you a better answer!

**The Chairman:** Do the provinces have to agree unanimously?

**Hon. Mr. Chrétien:** No.

**The Chairman:** In 1979 they will not, of necessity, have to agree with whatever you decide to do with Loto Canada.

**Hon. Mr. Chrétien:** No, this is a new field. There was no lottery before. Some may argue that this is a provincial field, but this is not so. The federal government has the authority to amend the Criminal Code, and we have done so. We said at the time that if the provinces wanted to establish lotteries they could go ahead, and most of them have done that. But at no time have we said that we were turning that field over completely to the provinces. We have told them that they could use it, but in fact it still remained very much under our control. We could have said, when we amended the Criminal Code, that this would be reserved for the federal government. So, we were just being generous enough to say that they could do this. Now



some argue that the field has been given away by the federal government so we are the victims of our own generosity. But we could have said no, that we wanted to keep it for ourselves. As good Liberals we are very generous and we pay the price for it, but now some of the provinces say that we are invading their field.

**Senator Sparrow:** So the 12.5 per cent goes to the provinces, whether they want it or not?

**Hon. Mr. Chrétien:** Well, if they don't want to take it, we will keep it. We won't force it down their throats.

**Senator Sparrow:** So, even if there is no agreement, the money will still go to them.

**The Chairman:** On your behalf, honourable senators, I want to thank the minister. He is anxious to leave, so we will ask Mr. Francis to continue from here.

Mr. Francis, coming back to the question I posed to the minister a short while ago, he said that when you reach the end of the three-year period he is going to come back to Parliament and he is also going to consult with the provinces. What is the extent of this consultation, and what do you feel would be enough to kill Loto Canada in respect of the consultation with the provinces?

**Mr. Lloyd Francis, M.P., Parliamentary Secretary to the President of the Treasury Board:** That is a very difficult question to answer, Mr. Chairman. The minister said that there will be consultation, and that means that there will be talks and discussions to see what area of agreement there is at that time. It is very hard for a present minister to commit a future minister in a future Parliament, because that is the situation we are faced with.

**The Chairman:** It is not so much a commitment; it is a question of intent, is it not? Presumably the government has a present intention and would have some idea of what is involved and how important the co-operation of the provinces would be in the continuation of this. Let us assume, for a moment, that you get to 1979 and that Quebec, having got its portion of the 82.5 per cent, says no and Ontario says no—in other words, Ontario and Quebec take the position that Ontario took in respect to the Olympic Lottery request to co-operate with the continuation of the Olympic Lottery. So they say, "No, we will sell the tickets, but we want all the revenue for ourselves."

**Mr. Francis:** I don't think I can add anything to what the minister has said. He said that there would be consultations at that time and that a decision would be taken.

**The Chairman:** Will the consultations take place at that time, or will they take place before that time?

**Mr. Francis:** I would hope there would be consultations prior to the expiration of the time.

**Mr. Guy Cousineau, Chairman of Loto Canada:** Mr. Chairman, we will be starting consultations this fall.

**The Chairman:** Well, what form will the consultations take? What will you be asking the provinces?

**Mr. Cousineau:** As the minister mentioned this morning, he will ask the various ministers responsible for the various provincial lotteries, as well as those who do not have the lotteries, to discuss this whole matter. We expect to get this consultation process underway some time this fall. Exactly what form it will take or where it will be held is still left to be decided.

**The Chairman:** Well, we are not so interested in the form or location of the consultations, but we are more concerned with what the consultations are expected to achieve. What are you looking for? Are you looking for the provinces to say that you can continue Loto Canada and they will take the 12.5 per cent and the rest of it can go for fitness and amateur sport? We are not looking for a commitment on this; we are looking for your present thinking. What are the conditions that you would like to get from the provinces? The minister says that the federal government has a right to run a lottery and that it does not need any provincial co-operation at all; but he says that before continuing beyond 1979 he will come back to Parliament and he will consult with the provinces. He must have something in mind as to what he is going to discuss with the provinces.

**Mr. Cousineau:** Well, one thing he has in mind is the sharing arrangement.

**Mr. Francis:** Obviously, Mr. Chairman, if the minister could arrive at a consensus on the sharing arrangement with the provinces as to the proceeds of the lottery, then we would all be very happy, and I am sure that is what the minister hopes to be able to achieve; but, so far, this has not been possible.

**The Chairman:** It has not been tried yet.

**Mr. Francis:** There have been informal discussions.

**The Chairman:** And what have they indicated?

**Mr. Francis:** They have indicated that in the case of one province, Ontario, they felt that the proceeds from the sales in that province should remain within that province and that would mean no possible assistance on the Olympic deficit.

**The Chairman:** But those were discussions between the Olympic Lottery and Ontario. We are talking about consultations between the federal government and the provinces. Have there been any consultations of that nature?

**Mr. Francis:** I do not know that there have been any consultations on this subject at all that could be relevant to your question.

**The Chairman:** Who undertook those consultations?

**Mr. Francis:** It is my understanding that the minister undertook those discussions. Mr. Cousineau, is it not true that there have been some informal discussions?

**Mr. Cousineau:** That is my understanding.

**Senator Langlois:** Mr. Chairman, I understand that the minister is looking forward to some kind of agreement regarding sharing the benefits of this lottery by the provinces up to 1979, and that there have been reactions by the provinces in regard to sharing of the lottery, especially in regard to this 12.5 per cent for the provinces. There was no agreement. Was there any reaction pro or con from the provinces?

**Mr. Francis:** Mr. Chairman, I am not aware of any rejection by the provinces or any outright attack or any repudiation.

**Senator Barrow:** There has been some rejection, because the Atlantic region is going into a lottery of its own and this has been forestalled and is part of the problem.



**Senator Sparrow:** This might not be the case if we had a lottery on a national basis. It seems to me that we are giving a great deal of plain credence to what will happen in the future. It seems to me that it is thrown on the provinces and the Canadian people without basically any consultation in any broad sense at all, and that the situation now is that it is a "big deal" going to take place and it is said that there can be consultation in the next three years with the provinces. I do not know what the government is planning on doing on that basis. There will be 82.5 per cent of the money available if Loto-Canada is completed. We do not know what the federal government is going to do with that 82.5 per cent. I am sure we would be very happy, if it were decided to continue, to have this 82.5 per cent go into the national treasury for use for whatever they like. It seems to me that that is a kind of red herring, when there is talk of consultation with the provinces between now and the end of the next three years. Are we using this as an argument just to sell this program, or what is the purpose of it?

There is another thing, and this may not be exactly as a supplementary, but I would like an answer to this. The minister has said that the government is committed to bring this back to Parliament. I would like a further commitment on what is meant by that. We know one thing, that the minister may not be there then, and the government possibly—God forbid—may not be there. Who, then, is responsible to bring this back to Parliament, since the point is not covered in legislation? The minister has said it is not necessary to come back to Parliament. It seems to me that if this is to be done properly, something should be embodied in the legislation in some form saying that this must be brought back to Parliament. By coming back to Parliament, I would assume that at some time the minister makes a statement in the house that we are going to continue. That is taking it to Parliament, I think, and we could do that in the form of legislation. I would like some form of legal commitment that this has to be brought back to Parliament.

**Mr. Francis:** The minister has given a personal undertaking that he has a responsibility to come back to Parliament. There is also provision in the estimates before the house that it is for a period of three years, the years 1976-77, 1977-78 and 1978-79, ending on December 31, 1979. That is the only item which is presently before us for approval by way of supplementary estimates. It would, of course . . .

**The Chairman:** I am sorry, what is the only item before us?

**Mr. Francis:** We are not being asked to provide anything outside that timeframe. That is the particular reference before us. I am quoting directly from the supplementary estimates. That says it is for the three-year period. It is the item for which the approval sought is limited very specifically in that timeframe.

**The Chairman:** It has a limited application which is more than that. There is a limit of 5 per cent for only one year, and the 5 per cent could vary in future years—is that not so?

**Mr. Francis:** There is no undertaking there to say that.

**The Chairman:** There is the 5 per cent for one year, and it appears to me from reading it, where it speaks of 12½ per cent and . . .

**Mr. Cousineau:** It is 5 per cent. The formula stated there is 12½ per cent distributed pro rata of the total amount to the provinces. Then there is 5 per cent to the federal government. This is to be used for amateur sport.

**The Chairman:** That is in the first year.

**Mr. Cousineau:** Every year.

**The Chairman:** It says that it is "an amount not to exceed 5 per cent of the amount credited". that is in (d).

The minister in his statement before the house, in accordance with the Financial Administration Act, had limited it to 5 per cent in one year. However, if that 5 per cent becomes 2½ per cent or some other figure, then the 82½ per cent would, of course, vary.

**Mr. B. A. MacDonald, deputy secretary, program branch, Treasury Board Secretariat:** Mr. Chairman if I may speak on this, when you take the 82½ per cent and the 12½ per cent, the balance is only 5 per cent. One would have to set aside the other two provisions of the item in order to make one of them 5 per cent.

**The Chairman:** But they are already subject to the 5 per cent.

**Mr. MacDonald:** You would have to go back to Parliament to deal with that.

**The Chairman:** Would you?

**Mr. MacDonald:** You have the continuing provisions for the 12½ per cent and the 82½ per cent for three years.

**The Chairman:** It says, "an amount not to exceed . . ."

**Mr. MacDonald:** You now have one year's authority to pay 5 per cent. If I may say so, the intent is that in the estimates of the Minister of National Health and Welfare, in the item which deals specifically with fitness and amateur sport, by way of illustration, if the current level of financing there is \$25 million, one would expect the 5 per cent to yield another \$10 million, and then there would be \$35 million to be provided for fitness in amateur sport.

**The Chairman:** In their estimates?

**Mr. MacDonald:** Included in that. That would be drawn from the national revenue account and then appropriated.

**The Chairman:** I understand that, but if the 5 per cent were changed, because of the way this is written, because it says that it does not exceed 82½ per cent, that could be varied by just varying the 5 per cent in the following year.

**Mr. MacDonald:** That is right.

**The Chairman:** And it would require no legislative authority.

**Mr. MacDonald:** Yes, it would, sir, because the 5 per cent there is very specific. Since this is an account in the Consolidated Revenue Fund, it would require parliamentary authority to make disbursements. There is no authority to make disbursements next year as regards the 5 per cent.

**The Chairman:** Does this mean it has to come back as part of the estimates?

**Mr. MacDonald:** Yes.

**The Chairman:** Is it strictly in relation to the Department of National Health and Welfare, on that point?

**Mr. Cousineau:** Yes.

**The Chairman:** I come back now to Senator Sparrow's question.

**Mr. Francis:** It seems to me that we have answered Senator Sparrow's question in terms of what the possibility is of something being done beyond the period. I think the answers have been given.

**Senator Sparrow:** I was wondering if there was not some other estimate included, but I presume there is not. What happens as to the commitment that it will come back to Parliament, if the minister who made that commitment and the government who made that commitment are not there any more? The law of Canada still continues. The reason I ask this question is that the minister said he did not have to bring it before Parliament even now, because he could under letters patent have borrowed money from the bank to set it up. He said he did not have to come back. He said the only reason he brought it up was to inform Parliament, and basically that was it. He stated that at the end of the time this would not have to come back to Parliament.

**Mr. Francis:** No more than it does have to come back right now.

**Senator Sparrow:** But he has made a commitment that it will go back, and I was raising the point that it may be he would not be able to fulfill that commitment.

**Mr. Francis:** I do not think any minister can give an undertaking in regard to future ministers and future parliaments.

**Senator Sparrow:** That is my exact point.

**Senator Norrie:** But that pertains to anything, in any situation. We cannot commit ministers or governments indefinitely.

**Senator Sparrow:** What I am saying is that he made that commitment. It would be different if it were given in the form of legislation.

**Mr. Francis:** There is another point, that it can be included in the regulations. I would like Mr. Cousineau to deal with that.

**Mr. Cousineau:** The minister gave an assurance to the Miscellaneous Estimates Committee, yesterday or the day before, in regard to the regulations. As a matter of fact, there has been a motion by the committee, that has been approved by the committee, to amend the regulations, so that there will not be a subsequent draw after the thirteenth draw, at the end of 1979.

**Senator Sparrow:** That would be in the regulations?

**Mr. Cousineau:** That would be in the regulations.

**The Chairman:** That there will not be a draw?

**Mr. Cousineau:** There will not be a further, subsequent draw after the thirteenth draw, at the end of 1979.

**The Chairman:** What happens then?

**Mr. Cousineau:** Then the government has to change the regulations.

**The Chairman:** It is just a change of regulation.

**Senator Sparrow:** What about parliamentary consent?

**Mr. Cousineau:** That is another safeguard.

**Senator Barrow:** It is not much of a safeguard if the regulations can be changed.

**Mr. Francis:** Mr. Chairman, I really cannot add anything to the point that a future parliament cannot be bound by this Parliament.

**The Chairman:** The intention could be written into the bill.

**Mr. Francis:** The intention is to be spelled out in the regulations, and it has been spelled out in the way in which supplementary estimates (A) have been placed before this committee and in the testimony given before this committee by the minister.

**The Chairman:** That is the approach you are taking. The committee is simply indicating that it is not terribly happy with that approach. If you tell us that that is the approach you are taking, then we have a saw-off.

**Senator Neiman:** Mr. Chairman, I must admit that I cannot associate myself with that remark. I am quite satisfied with the way in which this has been set up. What else can the government do? This is an area in which the federal government has constitutional power, and I think we have all of the safeguards inherent in our parliamentary system. When this three-year period expires, I have no doubt that before any further plans are made for Loto Canada, or its successor, it will come before Parliament in some form or another. Personally, I am quite satisfied with this method.

**Mr. Francis:** Mr. Chairman, I think the minister has repeatedly indicated his desire to proceed in a way that gives Parliament every opportunity to ask questions on this. He has accepted the safeguards that have been suggested in the committee of the other place. I am sure he is open to any further specific recommendations and would not close his mind to any reasonable suggestion that will come from this committee. At this stage, I am at a bit of a loss to know what further safeguards are being requested of him.

**The Chairman:** At this stage, we are simply trying to find out what the rules of the game are, the basis on which the legislation is being continued.

Are there further questions?

**Senator Yuzyk:** Mr. Chairman, this is the first venture of its kind, is it, for the federal government in this field?

**Mr. Francis:** Mr. Chairman, in the field of national lotteries, my understanding is that it is the first venture. There was every attempt to continue the Olympic Lottery scheme, but without success. This is the first occasion, as far as I am aware, that this device has been used for a national lottery. There are many precedents for the establishment of crown corporations for various purposes of the Crown. Very few of them, indeed, have been established by the route of an item before Parliament by way of supplementary estimates. I am not aware of any that has been established in that way, although there may be some. The usual procedure is by letters patent.



**Senator Yuzyk:** It is to the credit of the minister, then, that he is at least allowing Parliament to look into this matter and to find ways and means of improving the operations in the future. Personally, I think it is probably the only approach we have at this time because of the time factor involved. We are concerned that safeguards be built in. I am sure the minister has that in mind also. I do not know whether our committee has any further advice or suggestions regarding safeguards.

As for myself, I am not always sure about regulations. As you know, the Committee on Regulations and Other Statutory Instruments is in the process of studying regulations, and we find that there are many contradictions and that Parliament is not even aware of many of the regulations. In this case, we will have an opportunity of discussing the regulations when the estimates come before Parliament.

**Senator Barrow:** Mr. Chairman, perhaps I should not ask this question, but it is going to be asked, I presume, in one form or another. What steps have been taken to see that the sort of thing that happened in the province of Quebec does not happen again?

**Mr. Francis:** Mr. Chairman, I wonder if the honourable senator could be more precise.

**Senator Barrow:** I am referring to the tremendous deficit in connection with the Olympic Games.

**Mr. Francis:** Mr. Chairman, as all honourable members of the committee realize, the constitutional authority in Canada in respect of this matter is certainly not federal. The Olympic Games were established by the city of Montreal and the federal government's commitment was very clearly limited as to the form in which assistance would be given. As matters turned out, it got out of hand. The province of Quebec, as best it could, took measures to correct the situation.

I do not know that I can be of any further assistance to the committee in respect of a means of dealing with these matters. I am sure we all regret the extent to which the deficit has exceeded expectations, but it is a fait accompli to some degree now.

**The Chairman:** Speaking of provincial responsibility, to whom was the Olympic Lottery responsible?

**Mr. Cousineau:** The Olympic Lottery was responsible to COJO.

**The Chairman:** The negotiations with the provinces to which you referred were undertaken by whom?

**Mr. Cousineau:** My understanding is that the negotiations were undertaken by Olympic Lottery, which has its own president and board of directors responsible, indirectly, to COJO. In order to extend its operations beyond its final draw, which is August 29, Olympic Lottery had to get the agreement of the various provinces.

**The Chairman:** And it was COJO and the Olympic Lottery who tried to get the agreement of the provinces to continue?

**Mr. Cousineau:** That is right.

**The Chairman:** And that failed, primarily because of the Province of Ontario. I am referring now to the minister's statement.

**Mr. Francis:** I am not sure that the Province of Ontario was the only province to withhold consent.

**The Chairman:** That was the one the minister mentioned. In any event, it failed because the provinces could not agree on a formula for the continued operation of Olympic Lottery?

**Mr. Cousineau:** Yes, they could not agree amongst themselves.

**The Chairman:** Leaving aside the Olympic Lottery, what consultations have been held with the provinces respecting Loto Canada?

**Mr. Francis:** Mr. Chairman, the minister has indicated that he has had discussions with various provincial representatives. Perhaps Mr. Cousineau has more specific information in that regard.

**Mr. Cousineau:** My understanding, Mr. Chairman, is that discussions were carried out in a very informal way; there were no formal consultations.

**The Chairman:** Were all of the provinces consulted?

**Mr. Cousineau:** I could not say.

**The Chairman:** Who could give us that information?

**Mr. Maurice Lafontaine, Deputy Secretary, Administrative Policy Branch, Treasury Board Secretariat:** If I may, Mr. Chairman, as the minister has indicated, there has been consultation by COJO and the Olympic Lottery with the provinces. However, with regard to negotiations on the part of Treasury Board, or the President of the Treasury Board, it really amounts to how one defines "consultation." The President of the Treasury Board has had consultations with the Province of Quebec and has received telephone calls from representatives of other provinces, as he has stated.

**The Chairman:** That was after he announced Loto Canada.

**Mr. Lafontaine:** Yes. Dealing with the staff level, there have been no consultations with the other provinces. There has been correspondence through the President of the Treasury Board.

**The Chairman:** So that the consultation he has been referring to will be in the future?

**Mr. Lafontaine:** Yes, Mr. Chairman. In terms of his responsibility to Loto Canada, the president has already written to what might be called his counterparts in the provinces, that is, the ministers responsible for lotteries. He has informed them of the federal program and of the fact that he would be quite willing, if they wished, to hold a meeting in September to discuss the future of Loto Canada—that is, the future until the end of 1979.

**The Chairman:** The regulations say that there will be only 13 draws. At the end of that time, in order to continue the draws, we would have to have a new regulation.

**Mr. Lafontaine:** As you are aware, Mr. Chairman, in order to have lotteries the Criminal Code says that the federal government has the power to hold lotteries but they must be held and operated pursuant to regulations approved by the Governor in Council. In fact there are regulations in existence which relate to the Olympic Lot-



tery. The new regulations have been approved by the Governor in Council for Loto Canada when it starts its operations. However, as Mr. Cousineau indicated, in the Miscellaneous Estimates Committee a motion was presented by the Official Opposition, and approved by the committee, to include in the regulations a new section which will say that there shall not be a draw held subsequent to December 31, 1979, unless the regulations are changed at a later date. But these will become public and will be posted across Canada.

**The Chairman:** Mr. Cousineau, what sort of co-operation do you feel is necessary from the provinces to make this a continuing, viable operation?

**Mr. Cousineau:** Mr. Chairman, I was only appointed within the last two weeks and I have not given much thought to this particular matter at this stage.

**The Chairman:** Were you involved in the negotiations or did you have anything to do with Olympic Lottery at the time they were discussing matters with the provinces?

**Mr. Cousineau:** Sir, until the end of May I was chairman of the Unemployment Insurance Commission.

**Mr. Francis:** Mr. Chairman, the government does not have a policy whether it wants to continue or not continue Loto Canada beyond 1979. No decision has been taken and there really is nothing that can be said concerning whether or not this will be extended. That will be a decision to be faced by the government of the day.

**The Chairman:** I am not suggesting the government should commit itself to what it will do. I was merely asking what sort of criteria or what sort of conditions of co-operation you see would be essential to make it possible to continue the lottery.

**Mr. Cousineau:** Mr. Chairman, I would say that these are matters which would be discussed at the next federal-provincial conference dealing with the matter of extending the national lottery.

**Mr. Francis:** Mr. Chairman, this will depend on the success of the lottery and the amount of money raised. At this stage we can only make estimates. It will depend on the extent to which there is a consensus among federal and provincial governments on the matter and on a number of other considerations which are difficult to anticipate right now.

**The Chairman:** Are you saying that you have not anticipated them at this stage?

**Mr. Francis:** The government, at this stage, does not have any indication of what it will do.

**The Chairman:** It does not have a policy, but it has not anticipated what the criteria might have to be to continue the lottery? If the government does not, then that is fine and we know that that is the situation.

**Mr. Francis:** The hope is and the belief is—

**The Chairman:** I know that the hope is and the belief is that you will be able to continue the lottery.

**Mr. Francis:** I am not sure of that, Mr. Chairman.

**The Chairman:** You mean you are not even sure of that? At any rate, you have not thought about it at this stage.

**Mr. Francis:** The hope is that we can do something to relieve the deficit of the Olympics through this measure and also assist the Commonwealth Games.

**The Chairman:** What happens if there is competition from the provinces and what you actually receive comes in well below your estimate? In other words, suppose Ontario goes hard after you, and I understand Ontario is responsible for about 42 per cent of the sales at the present time, or something of that nature, what happens if the income comes in well below your estimate of \$300 million? Say it comes in at \$100 million.

**Mr. Francis:** The Government of Canada has given no commitments whatsoever to the Government of Quebec, or to COJO, or to any other authority, in terms of the amount of money to be raised by Loto Canada. The minister has scrupulously refrained from ever indicating the targets or sums of money he expects. Obviously, the deficit is not the responsibility of the Government of Canada.

**The Chairman:** I recognize that. Are you saying the opposite of that, then, that you will not go further than 1979 and that, whatever comes out of it in the 82½ per cent, that will be it?

**Mr. Francis:** It is certainly my understanding that that is the policy of the government at this time.

**Senator Langlois:** Mr. Chairman, referring to the time limit which is fixed at December 31, 1979, is such a time limit contained in the letters patent creating Loto Canada?

**Senator Sparrow:** I missed that, Mr. Chairman.

**Mr. Lafontaine:** Senator Langlois's question was, why do we not incorporate in the letters patent or by-laws of the corporation a date such as we have mentioned, December 31?

**Senator Langlois:** My question was: Is there such a date?

**Mr. Lafontaine:** There is no such date because basically, as I have mentioned, the lottery regulations, pursuant to the motion adopted yesterday in the Miscellaneous Estimates Committee, will be amended to say that no draw can be held later than December 31, 1979. The corporation derives its power to operate the lottery from the lottery regulations. The Criminal Code says it is legal for the federal government to conduct a national lottery so long as it is pursuant to lottery regulations approved by the Governor in Council. So the corporation at this point, with these amendments, cannot hold a draw after December 31, 1979, because it will not have any power to do so. Someone might say, "Why not January instead of December?" The problem is that the corporation will also have a responsibility towards the public after the end of December in that, if the last draw is within December, the winners will still have one year in which to claim their prizes. Like all corporations, if there is a decision not to go ahead it will have to disband and there will be other responsibilities involved in the winding-up period. So the protection is right there in the lottery regulations.

**Senator Sparrow:** Mr. Chairman, is there any way in which a province can legally prohibit the selling of tickets within the province?

**Mr. Francis:** Mr. Chairman, my understanding is no.

**Mr. Cousineau:** No, because the Criminal Code gives the power to the federal government to carry on a lottery on a national basis. It is very specific.

I might point out to the committee that in order to remove any competition from the National Lottery to get into some smaller denomination in selling tickets, the regulations are very clear that the tickets must be sold at \$10 and also that there shall not be more than four draws per year.

**Senator Langlois:** Do the provinces have to operate their lotteries pursuant to the federal regulations?

**Mr. Cousineau:** No, they can make regulations of their own. As a matter of fact, Quebec Lottery has its own set of regulations as well as Wintario.

**Senator Langlois:** Do they have to seek permission from the federal government before organizing a lottery?

**Mr. Cousineau:** No, not once they conform to the spirit of the Criminal Code.

**Senator Langlois:** Then, a province could run a lottery concurrently with the federal one?

**Mr. Cousineau:** Yes, senator.

**Senator Langlois:** So there could be competition?

**Mr. Cousineau:** Yes, and that is why, in trying to anticipate the future, it will take a year or so to try to anticipate the reaction.

**Senator Langlois:** Are there indications that such competition will ever exist?

**Mr. Cousineau:** I have no such indication at this stage.

**Senator Sparrow:** But at the present time there are provincial lotteries existing.

**Mr. Cousineau:** Yes, that is right.

**Senator Sparrow:** And there is nothing to prevent them from offering prizes of \$1 million?

**Mr. Cousineau:** There is nothing to prevent them from offering a prize of \$1 million.

**Senator Barrow:** But they would not take in sufficient money in order to be able to pay a prize of that amount. After all they cannot operate in the other provinces.

**Senator Langlois:** Was Quebec requested to discontinue the present Olympic Lottery by the federal authorities?

**Mr. Lafontaine:** You will have seen the newspaper reports, senator, mentioning that Premier Bourassa was asking for a certain amount of money from the federal government. Subsequently, a private bill was presented in the house and Mr. Garneau approached our minister, Mr. Chrétien, following the announcement by the Prime Minister that the federal government would maintain its commitment to consider the self-financing formula, but would not change its policy, as Mr. Francis has earlier referred to. So, as I said, there were discussions, and out of them came Loto Canada.

**Senator Langlois:** So the Province of Quebec started the ball rolling, so to speak?

**Mr. Lafontaine:** Yes, Quebec started the ball rolling with the first announcement by Premier Bourassa who

said, "We would like to have la valeur ajoutée." After that there were discussions in which the Prime Minister said no but that we would live by our commitments.

**Senator Yuzyk:** Does this mean that the Olympic Lottery is being phased out now? There would be how many—one or two—draws left?

**Mr. Cousineau:** One more at the end of August, and then they will phase out the operation. Their mandate ceases with that last one.

**Senator Yuzyk:** And the most of the staff will move on to Loto Canada and continue more or less on the same basis?

**Mr. Cousineau:** Except that the National Lottery headquarters will be within the national capital area and the seat of the headquarters will be within the national capital area—the board of directors as well as the key offices.

**Senator Sparrow:** Olympic Lottery is presently located where?

**Mr. Cousineau:** It is in Montreal.

**Senator Langlois:** It is operating under Quebec letters patent?

**Mr. Cousineau:** It is federally incorporated.

**Senator Sparrow:** You are suggesting, then, that 116 employees would be removed to Ottawa if they were desirous of having a job?

**Mr. Cousineau:** Not necessarily. There are 116 employees right now with the Olympic Lottery, but they are not all in Montreal. There are regional sales offices across the country. I cannot say exactly how many there are in Montreal. I know the mail system is handled through Montreal and for our part we still want to maintain decentralization in the field operation. It is only the headquarters that will be located here in the national capital.

**Senator Sparrow:** But would you suggest that the majority of the employees would be in the head office?

**Mr. Cousineau:** No. I envisage the headquarters group to be a very small group, maybe 20 or 25. The main work of the corporation will be done in the field in establishing the distribution centres, as well as to oversee the operations of the distributors which take place in the field.

**Senator Langlois:** It is a selling job.

**Mr. Cousineau:** By that I mean that being a crown corporation the Auditor General will be auditing our books, and we will have to comply with all the sound accounting practices advocated by the Treasury Board and the Government of Canada.

**The Chairman:** Will the distribution commission be the same as that for the Olympic Lottery?

**Mr. Cousineau:** There is no intention of changing the commission structure at this stage.

**The Chairman:** And the general format of the lottery will remain the same—\$10 tickets?

**Mr. Cousineau:** The \$10 ticket is within the regulations. Whether we will add additional prizes is another matter. These are questions that the board of directors will have to address themselves to.



**The Chairman:** Do you happen to know the commission system or the amount that goes to the distributors of tickets?

**Mr. Cousineau:** The tickets are being sold to distributors at \$9.10, so the commission to the distributor and to banks and to the Caisses populaires is 90 cents on a \$10 ticket.

**The Chairman:** Will the advertising expenses come out of the total lottery?

**Mr. Cousineau:** The advertising expenses are included in the operating costs of the lottery.

**Mr. Francis:** It is my understanding that what is being done now is not necessarily an indication of what will be followed by Loto Canada. I think the present intention is to review what is being done now.

**Mr. Cousineau:** I was referring to the commission. As far as the operations of the distributorships are concerned, as the minister pointed out this morning in the Miscellaneous Estimates Committee, it is the intention or it is his own policy on the matter that these distributors will be solely dependent on the national lottery. In other words, right now there is some understanding between the Olympics and the various provinces for the appointment of distributors. Under the National Lottery it is the intention of the minister to have a separate organization which would be national and would come under the entire responsibility of the corporation.

**Mr. Francis:** May I say here, Mr. Chairman, that I think that the intention is to review the administration to make sure there are no excessive earnings in any particular areas and that the commissions to be allowed to distributors are appropriate in the light of the experience of the previous lottery.

**Senator Sparrow:** So that existing commission agents may or may not be employed in the future?

**Mr. Cousineau:** That is correct. I think Mr. Francis has raised a very good point here, and just to make that very clear the minister says the commission will be commensurate with the effort, the risk and the investment that a distributor must carry out. At the present time some of these distributors have been getting 90 cents on a \$10 ticket, but this may not necessarily carry on, depending upon our examination of the overall structure.

**Senator Langlois:** Are you contemplating the possibility of extending sales efforts abroad—that is, outside of Canada?

**Mr. Cousineau:** I think I have enough difficulty just with Canada itself, so at this stage I do not think there is any intention on our part to do so.

**Senator Yuzyk:** Are tickets being sold in the United States, and will they be sold there?

**Mr. Cousineau:** We will maintain the mail system. There are about 250,000 tickets sold through the mail, the banks

sell about 2½ million tickets through their own network system, and distributors account for an additional 4 million tickets.

**Senator Yuzyk:** How much of the proceeds of the sales come from outside of Canada?

**Mr. Cousineau:** I could not answer that.

**Senator Yuzyk:** From the Olympic?

**Mr. Cousineau:** It is less than one per cent.

**Senator Yuzyk:** But that could increase, because this is for a three-year period, people outside of Canada will have more confidence, and the advertising will be there. That should increase to some extent.

**Mr. Cousineau:** That could well be.

**Senator Sparrow:** On the breakdown of prizes, is there any relationship between the gross revenue and the prize money, or are the prizes established and it is then hoped to raise that money or more?

**Mr. Cousineau:** I am not a professional in lotteries. My understanding is that they set the number of issues to be sold. They then take a percentage of that. Let us say they start with 7.5 million tickets. They expect to gross \$75 million. Right now the percentage allocated to prizes is between 39.1 per cent and 39.2 per cent. That percentage is assigned to prizes. On the basis of 7.5 million tickets, there will be about 105,000 prizes awarded.

Their administration costs amount to about 2 per cent of the gross sales. So it costs them about \$1.4 million or \$1.5 million per draw; and about 3 per cent of the gross is set aside for advertising. That is per draw.

I was asked about staff. It will be appreciated that the Olympic Lottery has been carrying out three draws per year. We will be carrying out four draws per year. What type of bearing this will have on our operating costs, I do not know, but I hope we can minimize them and keep them as low as possible. But, at the same time, we do not want to reduce the integrity or the security aspect in carrying out this program.

**The Chairman:** I should like to apologize to honourable senators and to the witnesses for not having simultaneous translation. Due to our block system, and the fact that this meeting was put together at very short notice in order to hear the minister, it was not possible to obtain a committee room which has simultaneous translation. I hope it has not created too much a problem for our witnesses and the members of the committee.

Honourable senators, if you could stay for a moment, we will discuss the report. If there are no further questions, the hearing is adjourned.

The committee adjourned.





FIRST SESSION—THIRTIETH PARLIAMENT  
1974-76

THE SENATE OF CANADA  
PROCEEDINGS OF THE  
STANDING SENATE COMMITTEE ON  
**NATIONAL FINANCE**


The Honourable DOUGLAS D. EVERETT, *Chairman*  
The Honourable HERBERT O. SPARROW, *Deputy Chairman*

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Issue No. 34

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WEDNESDAY, MARCH 17, 1976  
THURSDAY, APRIL 1, 1976  
TUESDAY, APRIL 6, 1976  
TUESDAY, MAY 4, 1976  
THURSDAY, MAY 6, 1976  
TUESDAY, MAY 18, 1976  
TUESDAY, JUNE 15, 1976  
THURSDAY, JUNE 17, 1976



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An Examination of the Manpower Division—Department of Manpower and Immigration  
1975

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REPORT OF THE COMMITTEE  
Entitled  
CANADA MANPOWER

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STANDING SENATE COMMITTEE ON  
NATIONAL FINANCE

The Honourable D. D. Everett, *Chairman*;

The Honourable Herbert O. Sparrow, *Deputy Chairman*.

The Honourable Senators:

Barrow	Hicks
Benidickson	Langlois
Carter	Manning
Côté	Neiman
Croll	*Perrault
Desruisseaux	Prowse
Everett	Robichaud
*Flynn	Smith ( <i>Colchester</i> )
Giguère	Sparrow
Graham	Yuzyk
Grosart	

20 Members (Quorum 5)

\**Ex officio* members

# Order of Reference

Extract from the Minutes of the Proceedings of the Senate, December 17, 1974:

Pursuant to the Order of the Day, the Senate resumed the debate on the motion of the Honourable Senator Everett, seconded by the Honourable Senator Cook:

That the Standing Senate Committee on National Finance be authorized to examine in detail and report upon the Estimates of the Manpower Division of the Department of Manpower and Immigration for the fiscal year ending the 31st March, 1975.

After debate, and—

The question being put on the motion, it was—  
Resolved in the affirmative.

Robert Fortier,  
*Clerk of the Senate.*



# Minutes of Proceedings

Wednesday, March 17, 1976

Pursuant to adjournment and notice the Standing Senate Committee on National Finance met this day at 9:00 a.m. *in camera* to consider the draft report on the examination of the Estimates of the Manpower Division of the Department of Manpower and Immigration for the fiscal year ending the 31st of March 1975 and other related subject matters thereto.

*Present:* The Honourable Senators Everett (*Chairman*), Benidickson, Carter, Desruisseaux, Graham, Grosart, Manning, Neiman, Sparrow and Yuzyk. (10)

*Present but not of the Committee:* The Honourable Senator Lucier.

*In attendance:* Mr. J. H. M. Cocks, Director of Administration, Mrs. Barbara Plant Reynolds, Research Branch, Library of Parliament, Mrs. Helen Small, Parliamentary Centre and Mr. Peter Dobell, Consultant.

The first subject matter was a discussion relating to the first draft report on the Supplementary Estimates (B) laid before Parliament for the fiscal year ending March 31st, 1976. It was *Resolved* that the said first report would be re-drafted and submitted to the Committee for approval.

After a long discussion on the draft report on Canada Manpower it was *agreed* that several other sittings of the Committee be set up for further consideration before its final approval by the Committee.

At 12:20 p.m. the Committee adjourned to the call of the Chairman.

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Thursday, April 1st, 1976  
(2)

Pursuant to adjournment and notice the Standing Senate Committee on National Finance met this day at 9:30 a.m. *in camera*, to further consider the draft report on the examination of the Estimates of the Manpower Division of the Department of Manpower and Immigration for the fiscal year ending March 31, 1975.

*Present:* The Honourable Senators Sparrow (*Deputy Chairman*), Benidickson, Carter, Desruisseaux, Graham, Grosart, Robichaud and Yuzyk. (8)

*In attendance:* Mr. J. H. M. Cocks, Director of Administration; Mrs. Barbara Plant Reynolds, Research Branch, Library of Parliament; Mrs. Helen Small, Parliamentary Centre and Mr. Peter Dobell, Consultant.

After discussion it was agreed that the first two chapters of the draft report be re-written according to the general consensus arrived at during the course of this meeting.

At 11:35 a.m. the Committee adjourned to Tuesday, April 6, 1976 at 9:00 a.m., in Room 263-S.

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Tuesday, April 6, 1976  
(3)

Pursuant to adjournment and notice the Standing Senate Committee on National Finance met this day *in camera* at 9:10 a.m. to further consider the draft report on the examination of the Estimates of the Manpower Division of the Department of Manpower and Immigration for the fiscal year ending March 31, 1975.

*Present:* The Honourable Senators Sparrow (*Deputy Chairman*), Benidickson, Carter, Croll, Graham and Neiman. (6)

*In attendance:* Mr. J. H. M. Cocks, Director of Administration; Mrs. Barbara Plant Reynolds, Library of Parliament; Mrs. Helen Small, Parliamentary Centre and Mr. Peter Dobell, Consultant.

After a long discussion there was a general agreement on the approval of the Introduction.

It was also agreed that Part II of the draft report be considered at the next meeting.

At 11:45 a.m., the Committee adjourned to Tuesday, April 13, 1976 at 3:30 p.m. or when the Senate rises

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Tuesday, May 4, 1976  
(4)

Pursuant to adjournment and notice the Standing Senate Committee on National Finance met this day *in camera* at 2:00 p.m. to further consider the draft report on the examination of the Estimates of the Manpower Division of the Department of Manpower and Immigration for the fiscal year ending March 31, 1975.

*Present:* The Honourable Senators Everett (*Chairman*), Benidickson, Carter, Croll, Grosart, Robichaud and Smith (*Colchester*). (7)

*In attendance:* Mr. J. H. M. Cocks, Director of Administration; Mrs. Barbara Plant Reynolds, Library of Parlia-

ment; Mrs. Helen Small, Parliamentary Centre and Mr. Peter Dobell, Consultant.

It was *agreed* that the Introduction be rewritten so that the international policies of manpower be reflected in the draft report.

At 3:50 p.m. the Committee adjourned to Thursday, May 6, 1976 at 9:30 a.m.

Thursday, May 6, 1976  
(5)

Pursuant to adjournment and notice the Standing Senate Committee on National Finance met this day *in camera* at 9:30 a.m. to further consider the draft report on the examination of the Estimates of the Manpower Division of the Department of Manpower and Immigration for the fiscal year ending March 31, 1975.

*Present:* The Honourable Senators Everett (*Chairman*), Benidickson, Carter, Croll, Graham, Grosart, Hicks, Robichaud, Smith (*Colchester*) and Yuzyk. (10)

*In attendance:* Mr. J. H. M. Cocks, Director of Administration; Mrs. Barbara Plant Reynolds, Library of Parliament; Mrs. Helen Small, Parliamentary Centre and Mr. Peter Dobell, Consultant.

A long discussion took place on the rewriting of the Introduction to the report and preface and it was *agreed*, after minor changes and rephrasing, that they be united to form one document, the title of which will be decided at a later meeting. The Committee then proceeded to study the conclusions and recommendations of the first four chapters. Changes and rephrasing were also *agreed to and approved*.

At 12:10 p.m. the Committee adjourned to the call of the Chairman.

Tuesday, May 18, 1976  
(6)

Pursuant to adjournment and notice the Standing Senate Committee on National Finance met this day *in camera* at 2:00 p.m. to further consider the draft report on the examination of the Estimates of the Manpower Division of the Department of Manpower and Immigration for the fiscal year ending March 31, 1975.

*Present:* The Honourable Senators Everett (*Chairman*), Barrow, Carter, Croll, Grosart, Neiman, Smith (*Colchester*), Sparrow and Yuzyk. (9)

*In attendance:* Mr. J. H. M. Cocks, Director of Administration, Mrs. Barbara Plant Reynolds, Library; Mrs. Helen Small, Parliamentary Centre and Mr. Peter Dobell, Consultant.

The Committee, after a long discussion of studying the said conclusions and recommendations of Chapters 5, 6, 7, 8 and the first half of Chapter 9—up to page 139 of the original draft report, made several changes together with rephrasing was *agreed to and approved*.

At 5:45 p.m. the Committee adjourned to the call of the Chairman.

Tuesday, June 15, 1976  
(7)

Pursuant to adjournment and notice the Standing Senate Committee on National Finance met this day *in camera* at 2:00 p.m. to further consider the draft report on the examination of the Estimates of the Manpower Division of the Department of Manpower and Immigration for the fiscal year ending March 31, 1975.

*Present:* The Honourable Senators Everett (*Chairman*), Barrow, Grosart, Hicks, Sparrow and Yuzyk. (6)

*In attendance:* Mr. J. H. M. Cocks, Director of Administration; Mrs. Helen Small, Parliamentary Centre and Mr. Peter Dobell, Consultant.

After a lengthy discussion Chapters 10 to the 14th and final chapter were approved by the Committee, subject to amendments to the revised draft report dated June 8, 1976 such as deleting and rephrasing the said draft's conclusions and recommendations as well as the consequential changes in the body of the report.

It was *agreed* that the conclusions and recommendations be printed in both light and bold type, as per sample submitted to the Committee at the beginning of the report and also add to the marginal notes the page numbers in the body of the report.

During the discussion it was also *agreed* that the drafted report be submitted to the members for their information and printed in English and in French separately.

At 5:10 p.m. the Committee adjourned to the call of the Chairman.

Tuesday, June 17, 1976  
(8)

Pursuant to adjournment and notice the Standing Senate Committee on National Finance met this day at 9:30 a.m. *in camera* to discuss future hearings of this Committee.

*Present:* The Honourable Senators Everett (*Chairman*), Barrow, Carter, Croll, Neiman, Robichaud, Smith (*Colchester*), Sparrow and Yuzyk. (9)

*In attendance:* Mr. J. H. M. Cocks, Director of Administration; Mrs. Helen Small, Parliamentary Centre.

On motion of the Honourable Senator Smith (*Colchester*) 1,500 copies in English and 600 in French of the Report of the Estimates of the Manpower Division of the Department of Manpower and Immigration for the fiscal year ending March 31, 1975, be printed.

At a Steering Committee it was unanimously *agreed* to make an in-depth study of the Estimates Department of Public Works laid before Parliament for the fiscal year ending March 31, 1977.

The general consensus of the Committee *agreed* that the recommendation of the Steering Committee held June 16, 1976 was approved.

At 10:20 a.m. the Committee adjourned to 11:00 a.m. for the consideration of the Supplementary Estimates (A) laid before Parliament for the fiscal year ending March 31, 1977.

*ATTEST:*

Gérard Lemire,  
*Clerk of the Committee.*





**Report of the  
Standing Senate Committee on  
National Finance on**

**CANADA  
MANPOWER:**

**An Examination of the Manpower Division  
Department of Manpower and Immigration 1975**

**Chairman**

**The Honourable Douglas D. Everett**

**Deputy Chairman**

**The Honourable Herbert O. Sparrow**

**First Session**

**Thirtieth Parliament**

**August 1976**

## ORDER OF REFERENCE

On Tuesday, December 17th, 1974 the Senate resolved:

That the Standing Senate Committee on National Finance be authorized to examine in detail and report upon the estimates of the Manpower Division of the Department of Manpower and Immigration for the fiscal year ending the 31st of March 1975.

**Members of the**  
**STANDING SENATE COMMITTEE ON**  
**NATIONAL FINANCE**

*(as of 1 July 1976)*

**The Honourable Douglas D. Everett, Chairman**  
**The Honourable Herbert O. Sparrow, Deputy Chairman**  
**and**  
**The Honourable Senators:**

<b>Barrow, A. Irvine</b>	<b>Hicks, Henry D.</b>
<b>Benidickson, W. M.</b>	<b>Langlois, Léopold</b>
<b>Carter, Chesley, W.</b>	<b>Manning, Ernest C.</b>
<b>Côté, Jean-Pierre</b>	<b>Neiman, Joan</b>
<b>Croll, David A.</b>	<b>*Perrault, R.</b>
<b>Desruisseaux, Paul</b>	<b>Prowse, J. H.</b>
<b>*Flynn, Jacques</b>	<b>Robichaud, L. J.</b>
<b>Giguère, Louis de G.</b>	<b>Smith, G. I.</b>
<b>Graham, B. Alasdair</b>	<b>Yuzyk, Paul</b>
<b>Grosart, Allister</b>	

\*Ex officio Member



## TABLE OF CONTENTS

Summary of Conclusions and Recommendations .....	
Acknowledgements.....	
Introduction to the Report .....	

### PART I: MANPOWER POLICY AND PROBLEMS IN CANADA

Chapter 1: An Infinitely Flexible and Serviceable Instrument: The Objectives of Manpower Policy in 1975.....	
Growing Importance of Equity .....	
Assistance to the Disadvantaged.....	
Chapter 2: A Public Employment Service in an Evolving Work Environment.....	

### PART II: MATCHING JOB SEEKERS AND JOBS: THE PLACEMENT FUNCTION

Chapter 3: The Formidable Task: An Introduction to Canada Manpower's Placement Services.....	
Chapter 4: The Canada Manpower Centre .....	
The Job Description .....	
The Job Information Centre .....	
The Canada Manpower Counsellor—Duties and Qualifications .....	
Computerization—A Solution to the Problem of the Urban CMC.....	
A Community Role for the CMC?.....	
Chapter 5: The Job Seeker and the CMC.....	
Are Canada Manpower Centres Employee Oriented? .....	
Priority in Referral.....	
Counsellor Contact.....	
A Facility for Complaint .....	
Chapter 6: Subsidiary Placement Programs for Job Seekers.....	
Creative Job Search Technique .....	
Canada Manpower Mobility Program .....	
Programs for Job Seekers Needing Special Assistance .....	
Special Job Finding and Placement Drive .....	
Outreach .....	
Concluding Comment .....	

Chapter 7: The Employer and the CMC.....	
Specific Complaints of Employers.....	
Quality of Referrals.....	
Lack of Screening.....	
Alternative Placement Methods.....	
Effectiveness of CMC Services.....	
Suggested Improvements.....	
Discussion of Employers' Specific Comments.....	
Screening.....	
Employer Visits.....	
Counsellor Contact.....	
A Word to Employers.....	
Post-script: The Departmental Response to Employers' Views.....	
Subsidiary Programs for Employers.....	
Consultative Services for Employers.....	
Programs for Agriculture.....	
Chapter 8: The Complementary Role of Private Placement Agencies.....	
Executive and Professional Placement.....	
Casual and Part-time Placement.....	
Compulsory Listing of Vacancies.....	

### PART III: THE CANADA MANPOWER TRAINING PROGRAM

Chapter 9: The Federal-Provincial Relationship in Training Adults for Employment.....	
The Federal-Provincial Manpower Needs Committees.....	
Chapter 10: Training: The Trainees' Point of View.....	
Participants in the Canada Manpower Training Program....	
Basic Training for Skill Development (BTSD).....	
Skill Training.....	
Referrals to Training: The Responsibility of the CMC Counsellor.....	
The Fifty-Two Week Rule.....	
Apprenticeship Training.....	
Language Training for Immigrants.....	
Allowances to Trainees.....	
The Newfoundland Pilot Project.....	

Chapter 11: Employers' Involvement in Training: The Canada Manpower Industrial Training Program.....	
Employers' Complaints.....	
Criteria for Assisting Employers in Industrial Training .....	
Increased Emphasis on Industrial Training.....	
Institutional Training in Industry.....	
Control of Future Training Expenditures .....	

#### PART IV: JOB CREATION

Chapter 12: Job Creation Programs.....	
Opportunities for Youth (OFY).....	
Student Manpower Programs .....	
Local Initiatives Program (LIP).....	
Local Employment Assistance Program (LEAP).....	
Community Employment Strategy.....	

#### PART V: THE TESTING OF MANPOWER POLICY

Chapter 13: Forecasting, Evaluating and Monitoring Manpower Policy and its Application.....	
Forecasting .....	
Evaluation: Procedure.....	
Cost/Benefit Analysis.....	
Publication of Evaluation Reports and other Departmental Statistics.....	
Research Projects and Consultant Studies .....	
Evaluation of Placement—How Permanent is a Permanent Placement? .....	

#### PART VI: CONCLUSION

Chapter 14: Overcoming the Problems of Communication.....	
Outside the Division: Use of Consultative Committees.....	
Inside the Division: Use of Management Review Teams .....	
Concluding Observations.....	
Appendix A.....	
Appendix B .....	



## SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS

Canada Manpower now offers a wide range of services to all members of the labour force and to employers intended to ensure that opportunities for useful and satisfying employment are fully realized. This approach which parallels that adopted by other industrialized members of the OECD recognizes that an active manpower policy involves more than the provision of a mechanism to match job seekers to job opportunities. These policies and programs are administered by the Manpower Division of the Department of Manpower and Immigration.

**The Committee approves the broad policy objectives of Canada Manpower. It is concerned, however, that the Division not lose sight of its major responsibility, which is to assist the unemployed job seeker.**

### PART I:

#### MANPOWER POLICY AND PROBLEMS IN CANADA

##### Chapter 1. The Objectives of Manpower Policy in 1975

The Manpower Division has extended the objectives of manpower policy to make it responsive to the basic social and economic needs of Canadians. To attain these objectives it has devoted an increasingly large proportion of its total annual expenditures to assist those who are viewed as disadvantaged, whose opportunities for employment are limited because they lack minimum skills or suffer from social or physical handicaps.

Interpretation  
of policy —  
page 9.

**The Committee recognizes that it is important, wherever possible, to assist unemployables to obtain productive employment. But it suggests the time has come to strike a note of caution. Expenditure by the Division of both money and effort on this activity should not lead to the neglect of those job seekers who are job ready or can be made so through the established training and counselling services of Canada Manpower.**

## Chapter 2. A Public Employment Service in an Evolving Work Environment

Changing attitudes of the work force — page 14.

Attitudes toward employment in Canada have altered in recent years. Canadians change their jobs more frequently; they are selective about the jobs they are willing to fill and surveys show that on average their job search effort is weak. These attitudes affect the competence of Canada Manpower and must be kept in mind in assessing the effectiveness of the services provided.

### PART II:

## THE PLACEMENT FUNCTION

### Chapter 3. The Formidable Task: An Introduction to Canada Manpower's Placement Services

Limitations to CMC service — page 19.

Canada Manpower is restricted in its placement service activities by two conditions. It cannot refuse to assist any job seeker who registers and it must fill vacancies from persons registered with it. It follows that **the Division's first responsibility as a public service must be to the job seeker and especially to the unemployed job seeker.**

Cooperation of employers — page 19.

This fact must be faced. **To be effective the Division must therefore seek the understanding and cooperation of employers by explaining the limitations which its role as an *unemployment* agency places on the services they can expect from Canada Manpower Centres.**

### Chapter 4. The Canada Manpower Centre

Contact person for employers — page 22.

**The employer who seeks workers should be given a contact in the Canada Manpower Centre who should be a manpower counsellor or a counsellor assistant.** This is necessary to secure the cooperation of employers and thereby to fulfill Canada Manpower's responsibility to the job seeker.

Improved job orders — page 22.

**The Committee recommends that the Division improve arrangements for the receipt of job orders to ensure that all relevant information is included and that the order is an accurate description of the work and the working conditions.**

Action on job orders — page 23.

The counsellor contact handling the order should personally verify that appropriate action has been taken in the CMC and that the employer is satisfied his job order has been given attention.

Screening job orders in the JIC — page 25.

**The Job Information Centre is an efficient method of handling job-ready clients,** thus leaving CMC personnel more time for job seekers who require vocational counselling or training. **The counsellor taking the job order should be required to ensure that the employer completely understands the limited screening of applicants likely to be referred to him from a listing of his order**

in the JIC. Referral forms should also indicate clearly that only limited screening has been given to the job seeker being referred.

The JIC staff, including the monitor counsellors assigned specifically to circulate in the JIC area, should be constantly on the lookout for those who cannot take advantage of this service, who have deeper counselling needs and who should be directed to counsellors responsible for giving this assistance.

JIC staff responsibilities — page 26.

The Division should, where possible, give explicit recognition to the functional division of duties performed by counsellors in Canada Manpower Centres. Those directly involved in the actual referral of job-ready clients to specific job orders should be designated 'placement officers'. Those responsible for in-depth vocational and employment counselling should retain the title 'manpower counsellor'.

'Placement Officers' and 'Manpower Counsellors' — page 30.

The qualifications for an assignment as a 'placement officer' in a Canada Manpower Centre should be a genuine experience in work, especially work related to one of the occupations for which placements are frequently made in that locality. 'Manpower counsellors' should have an adequate specialized educational background for this responsibility combined with relevant work experience.

Qualifications of counsellors — page 30.

Manpower counsellors should, as far as possible, restrict their activities to the improvement of the job seekers' employment potential and should refer clients requiring guidance on personal problems to the appropriate agency.

Activities of Manpower counsellors — page 30.

In order to keep the good will of employers placement officers should be assigned a specific list of employer clients. They should make every effort to become familiar with their employers' current manpower requirements through visits to the work site. Job orders from employers should be the direct responsibility of the designated placement officer who should follow the order through every stage from referral to acceptance or rejection of that referral.

Personal contact with employers — page 30.

In order to make large urban CMCs more effective, the Committee recommends that smaller subsidiary offices be established which would maintain contact with a central facility. Such offices could more readily respond to local needs while at the same time have access to information about job opportunities and job seekers in the surrounding area. For the same reason the Committee strongly supports the Division's move toward the extension of the on-line computer system in its urban CMCs. There are significant benefits to be derived from computerized record-keeping which amply justify this expenditure. Not only would routine paper work be reduced, but the link-up by computer of CMCs in a large urban area would facilitate the recommended extension of CMC service through smaller neighbourhood satellite offices.

Smaller CMCs in urban areas — page 32.

Computerization — page 32.



## Chapter 5. The Job Seeker and the CMC

Extended hours of service — page 36.

**Canada Manpower Centres should be open at certain times outside the usual hours of business** so that job seekers who are employed have access to the extensive labour market information available in the Job Information Centres.

Validation of registration — page 38.

**CMCs must warn job seekers that unless validated their initial registration will lapse after 30 days and that it is the job seekers' responsibility to keep their registration active.**

Facility for client comments — page 39.

**Those who use Canada Manpower Centres should be offered a facility which would encourage comments on the service. This could be a postal box number at the regional or national headquarters of the Division.** This facility should be evaluated and the evaluation made public after a reasonable trial period.

## Chapter 6. Subsidiary Placement Programs for Job Seekers

Increased promotion of mobility grants — page 44.

**The Mobility Grants Program is an effective tool for achieving necessary adjustments in the labour market.** The Committee supports the recent extensions of the program and recommends that it be publicized more fully to job seekers and employers alike.

Evaluation of Special Job Placement Program — page 46.

**The Division should maintain a continuous evaluation of the Special Job Finding and Placement Drive** in order to ensure that the results obtained continue to justify the significant amount of available counselling resources required to place those selected for participation.

Evaluation of Outreach Program — page 48.

**The Outreach Program is doing a job that cannot now be done as well by Canada Manpower Centres. The focus should be limited to overcoming the severe employment problems of the hard-core unemployed and the Outreach Program must be continuously evaluated to ensure that funds provided are in fact used only for this purpose.**

Services for hard-core unemployed — page 49.

**The Division must recognize that there is a limit to the amount of hard-core unemployment that can be reduced.** Lack of employment is not the only difficulty faced by the unemployed disadvantaged job seeker but it is the difficulty Canada Manpower can do something about through more efficient promotion and operation of existing services for counselling, training and placement.

Employment for handicapped — page 49.

**The Committee believes that many employers would accept the challenge of opening new avenues of employment to the physically and mentally handicapped if encouraged by Canada Manpower to do so.** Improved counsellor contact with employers should provide increased opportunities to tell employers about this important community responsibility.

## Chapter 7. The Employer and the CMC

Prescreening of referrals — page 56.

**The responsibility of the CMC to assist the job seeker restricts in some degree the selectivity it can apply in making referrals.** At the same time screening must be sufficiently thorough that employers are not discouraged from placing job orders.

In processing job orders counsellors must admit quickly and frankly that they do not have suitable candidates when employers' requests cannot be met. **Underqualified referrals should not be made by CMCs unless the employer explicitly agrees to consider them.**

Counsellor response to employers' requests — page 56.

In dealing with his group of employers the counsellor must try to convince them that they too have a responsibility to the job seeker. In this regard the counsellor should try to gain the employers' cooperation to adapt job requirements to fit those of the job seekers' registered with the CMC, even if this means accepting an employee who is underqualified and who will have to receive on-the-job training.

Encouraging employers acceptance of referrals — page 57.

Employers should be encouraged by CMCs to list better paying and more challenging job vacancies. Better jobs offered by Canada Manpower Centres will also encourage better candidates to come forward to fill them.

Encouraging employers to list better jobs — page 58.

The Committee urges employers to accept the explicit invitation of the Minister of Manpower and Immigration to contact the CMC and to insist on an explanation when they receive unsatisfactory service. Employers can assist counsellors to meet their requirements by giving complete details when the job order is placed.

Employers right to complain to CMC — page 58.

The Division has responded to a number of critical comments made by employers in public testimony and is taking steps to introduce some of the reforms which the Committee is recommending.

Response to employers' comments — page 59.

## Chapter 8. The Complementary Role of Private Placement Agencies

The Committee agreed that extensive expansion of the professional and executive placement services would be a questionable use of public funds and recommends that **the Division should not develop a distinctive specialized service in executive and professional placement, even if a fee were to be charged for this service.**

No expansion of executive placement — page 67.

The placement of job seekers who prefer part-time employment is in general terms a proper responsibility of the public employment service. It is presently fulfilled through the operation of Farm Labour Pools and the referral of job seekers to casual employment. However **Canada Manpower Centres should not set up separate formal temporary help services for which they become an employer of record.**

No expansion of CMC activity into temporary help services — page 68.

Employers should not be required to list all vacancies with Canada Manpower Centres. This also applies to private placement agencies.

Compulsory listing of vacancies rejected — page 69.

## PART III:

## THE CANADA MANPOWER TRAINING PROGRAM

**Chapter 9. The Federal-Provincial Relationship in Training Adults for Employment**

Expanded representation on Manpower Needs Committees — page 77.

Federal-provincial cooperation in the provision of job preparation training for adults has been improved through the activation of the Manpower Needs Committees in each province. However, **the Committee recommends that representatives from business and labour be included in both the planning and assessment of manpower training courses.**

**Chapter 10. Training: The Trainees' Point of View**

One-year rule retained — page 80.

The Committee recommends continuation of the present rule that trainees must have spent one year in the work force before becoming eligible for a federally sponsored training course.

Reassessment of allocation for basic educational training — page 82.

**The Committee is disturbed by the fact that basic educational training, an area which is essentially a provincial responsibility, is costing the Manpower Division in excess of \$100 million annually.** The Committee recommends that this situation be reassessed and remedial action taken if necessary.

Relevance of skill training to job market — page 83.

**The Division, through the federal representatives on the Manpower Needs Committees in each province must become more insistent that skill training courses made available by the provinces for purchase under the Canada Manpower Training Program are more closely related to current local labour market needs.**

Relevance of training referral to future employment — page 85.

The Committee recommends that it should be the responsibility of the counsellor who makes a referral to training to make an assessment of the relevance of that training to the employment finally secured. The results of such assessments should be made available to the district economist and through him to the Manpower Needs Committees.

Retention of 52-week rule — page 86.

The Committee supports the Division's view that the so-called 52-week rule does not seriously impede training for employment.

Training allowances — page 87.

**Allowances to support trainees are an integral part of the CMTP. They are provided to encourage trainees to complete the course of studies intended to improve their employability. Referrals to training should therefore only be made on that basis. The training allowance should not be used to provide a temporary substitute for other forms of maintenance.**

Modification of provincial welfare regulations — page 87.

The Committee urges the Division through its representatives on the Manpower Needs Committees to seek modifications of any provincial welfare regulations which inhibit participation in courses offered under the Canada Manpower Training Program.



## Chapter 11. Employers Involvement in Training: The Canada Manpower Industrial Training Program

The Committee recommends that a substantially increased proportion of total training funds be used to purchase courses for adults to receive skill training in an industrial or working environment because training-in-industry can swiftly be adapted to demands of the labour market. At the same time the Committee recognizes that institutional training will continue to be required for certain skills which are better taught in the classroom and for upgrading basic educational qualifications for employment.

Increased funds for industrial training — page 94.

The Committee recommends the preparation of a pilot training project to explore the potential of private industry to give trainees institutional style courses combining practical experience with the theoretical background. Such institutional training in industry might be commissioned on the basis of a review of competitive tenders submitted by interested employers.

Institutional training in industry — page 95.

The Canada Manpower Training Program now absorbs 63 per cent of total expenditures of the Manpower Division. The Committee recommends that strict control of any future expansion be exercised to ensure that this program is more directly related to the provision of immediate opportunities for employment than it appears to be at present. The justification for any future expansion should be fully explained to Parliament in the Annual Report of the Department.

Control of expenditures on training — page 96.

To offset increases in the cost of mounting courses the Division must concentrate on improving the effectiveness of present manpower training. Courses offered should be relevant to the needs of the economy. This is most likely to result if more manpower training takes place away from formal training institutions, on the job site using the capacity of employers to provide courses.

### PART IV:

## JOB CREATION

### Chapter 12. Job Creation Programs

The Committee recommends continuance of the Student Manpower Centres because they provide a placement facility for students seeking holiday employment as well as assisting employers who require seasonal workers. It also supports the public relations programs designed to encourage employers to provide jobs for students.

Student Manpower Centres supported — page 102.

The administration of the Local Initiatives Program has been improved to the point where it has become a useful technique for reducing the adverse effects of seasonal unemployment. The Com-

Annual reassessment of LIP — page 105.

**mittee recommends that the LIP program continue on a contingency basis subject to a full annual reassessment.**

Monitoring of applications for LIP grants — page 105.

The Committee recommends that in future applications for LIP grants to initiate community projects which have no clearly defined limits must indicate how the project will be financed when the LIP grant has been spent. The consultation and selection process for LIP grants should be restructured to ensure that when a LIP project will affect provincial or municipal governments they are given an ample opportunity to reject the proposal.

Benefits of LEAP — page 107.

LEAP demonstrates the kind of controlled assistance to the disadvantaged which the Committee feels is missing in the Outreach Program. However it is not enough to establish the need for a LEAP project. A full and realistic assessment of the possibilities for successful placement of the participants should form an important part in the preliminary planning.

Extension of LEAP — page 107.

**The Committee recommends that contracts to provide for the establishment and supervision of LEAP projects be extended to suitable profit-making organizations which agree to accept disadvantaged job seekers for a period of training and possibly retain the trainee in employment at the conclusion of the contract training.**

Contribution to Community Employment Strategy — page 109.

The Committee recommends that the Division's contribution to the Community Employment Strategy be limited to direct placement, training and the Local Employment Assistance Program. Beyond that the Division should confine its role to the co-ordination of the social services provided by other agencies.

## PART V:

### THE TESTING OF MANPOWER POLICY

#### **Chapter 13. Forecasting, Evaluating and Monitoring Manpower Policy and its Application**

Assessment of FOIL — page 116.

The Committee suggests that the future forecasts of the Forward Occupational Imbalance Listing (FOIL) be assessed against information on actual occupational shortages as soon as they can be ascertained. Since the members of the Manpower Needs Committees may rely heavily on FOIL forecasts to supplement their knowledge of local needs in planning the allocation of Manpower training courses, this assessment should be immediately reported to them.

Data publishing policy — page 118.

The Committee approves the new policy of publication of statistical data relating to departmental programs.

Evaluation of placement function — page 121.

**The Committee recommends an immediate evaluation of the placement activities of the Canada Manpower Centres.** This should include a complete review of the technique of data collec-

tion to establish that published figures reflect the real effectiveness of placement, not just the numerical computation of placement transactions.

## PART VI:

### CONCLUSION

#### Chapter 14. Overcoming the Problems of Communication

Representatives from industry, labour and welfare agencies on the sub-Committees of the Canada Manpower and Immigration Council should be encouraged to undertake a more active role in the clarification of the Division's objectives in the community.

Increased use of Canada Manpower and Immigration Council — page 127.

The public relations activities now carried on by the Division should be re-examined to facilitate improved public awareness of the objectives of manpower policy. **The program of seminars with employer associations should be expanded.**

Expanded public relations activity — page 127.

**The Committee recommends that the Division consider the formation of Manpower Management Teams, one for each region, drawn from the ranks of experienced manpower officers. These officers should be temporarily assigned to the Management Teams to examine the operations of individual Canada Manpower Centres, to advise managers and staff on methods to improve the efficiency of their operation and to report to management of the Division at both the regional and national level on the degree to which standards of service are being met in the field.**

Manpower Management Inspection Teams — page 128.



## ACKNOWLEDGEMENTS

The Committee wishes to acknowledge its gratitude for the assistance given in the examination of the Manpower Division to the Minister of Manpower and Immigration, the Honourable Robert Andras and officials of his Department; to witnesses from universities and the private sector, many of whom came a considerable distance and some at their expense to assist the Committee; and to the staff of the Committee—Mr. G. A. Coderre, and Mr. Gerard Lemire, the Clerks of the Committee; Mr. J. H. M. Cocks, Director of Administration; Mrs. Barbara Plant Reynolds of the Research Branch of the Library of Parliament; Mr. P. C. Dobell and Mrs. Helen Small of the Parliamentary Centre who acted as advisers; and Mrs. Carol Wagstaff who typed the manuscript.

## INTRODUCTION TO THE REPORT

This introduction has two purposes. First, to set out the reasons behind the decision of this Committee to examine in depth the estimates of a single agency of government, in this instance the Manpower Division of the Department of Manpower and Immigration. Second, to introduce the basic conclusions of the Committee which underlie its recommendations about the operation of the Manpower Division and the realization of its objectives.

### I

Under the Rules of the Senate (#67, page 32) the complete Main and Supplementary Estimates for each fiscal year are referred to the Standing Senate Committee on National Finance. This approach differs from that of the House of Commons which refers the estimates of each department to the Standing Committee with responsibility in that field for a three month period each spring. The Senate has followed instead the practice of the British Parliament, where it has been found that concentrating responsibility for review of estimates in the hands of the Expenditure Committee has led to the development of a special expertise and improved effective parliamentary control of expenditure.

In 1973 the National Finance Committee decided to broaden the base of its annual review of estimates by the selection of one department or agency whose policy and operation would be examined in considerable detail. Information Canada, as a small, distinct but important and controversial service, was selected for the test run of this kind of in depth approach and the Committee completed its report on Information Canada in April 1974.

The present report contains the Committees' recommendations and comments following its more ambitious examination of the estimates of Canada Manpower, that is the Manpower Division of the Department of Manpower and Immigration for the fiscal year ending March 31, 1975.

What has the Committee sought to accomplish by this study? Basically the question could be expressed by asking whether at \$550 million, the sum requested for the operation of the Manpower Division for the year under review, Canadian taxpayers are receiving the full value for their money. This Committee of the Senate, through its extended examination of Canada Manpower did this by trying to get to the root of manpower policy, assessing both the sufficiency of that policy and its application by the Division. The Auditor General has recently drawn attention to the fact that "major portions of existing programs are not automatically subjected to a regular program review

by Departments, by Treasury Board or by Cabinet.”<sup>1</sup> Through the Committee’s inquiry existing activities of the Manpower Division were investigated in depth. Trends in planning new manpower programs were identified and challenged. This carried the Committee well beyond its usual review of Departmental Estimates.

In making the decision to examine Canada Manpower the Committee was in a sense taking its own advice. The Committee’s Report *Growth, Employment and Price Stability 1971* urged the federal government to take full account of the analysis of manpower policy relating to training then newly published in the *Eighth Annual Review* of the Economic Council of Canada (1971) and further “to investigate other aspects of how well this policy has performed.” The objective of manpower policy was viewed in general terms by the Committee in 1971. It was defined as “achieving a better fit between available people and available jobs and assisting and promoting human adjustments to change.”<sup>2</sup>

The problems arising from high unemployment and inflation have increased tremendously since 1971. The Department of Manpower and Immigration is the agency of government through which manpower policy initiatives to reduce the effects of unemployment can be translated into grass-roots action. This activity is the direct responsibility of the Manpower Division.

The administration of an active manpower policy was assigned to the new Department of Manpower and Immigration at its inception in 1966. In the ten years since, provincial governments have also become aware of the need to designate a specific ministry to co-ordinate activities related to manpower programs. Provincial ministers of manpower have developed an informal consultative relationship and have met together several times to discuss common problems, including their relationship with the federal Manpower Division. At many points during Committee discussions, witnesses spoke of the strong interaction between federal and provincial activities in the field of manpower policy. Several recommendations in this report are relevant to this relationship.

To keep this subject within manageable proportions, attention was concentrated on direct policy and operational questions. As the proceedings show, the operations of the Unemployment Insurance Commission (UIC) were referred to by a number of witnesses, many of whom recommended the reintegration with Canada Manpower which will be put into effect by the autumn of 1976. However the examination by this Committee was confined to the programs of the Manpower Division for which provision was made in the Main Estimates. The policy, operations and regulations of the UIC were therefore not at this time considered, except peripherally where cooperation with the Manpower Division has taken place, or where the regulations of the UIC affected

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<sup>1</sup> *Report of the Auditor General of Canada to the House of Commons for the Fiscal Year Ending March 31, 1975.*, Chapter X, Section 12.

<sup>2</sup> *Growth, Employment and Price Stability, 1971*; page 67.



proposals made to the Committee. The operations of the UIC should be examined at a future date when the revised regulations and organization announced in May 1976 have been in effect long enough to make a valid assessment of the combined operation.

The format of the Committee's approach was designed to encourage the presentation of public as well as professional points of view. Twenty-one hearings were held, including three with the Minister of Manpower and Immigration and five with departmental officials. The Committee also heard from economists interested in manpower problems, from employers and associations of employers, from private placement agencies, from spokesmen for disadvantaged workers, and from provincial planners of adult education. Through advertisements placed in papers across Canada written opinions about the effectiveness of the Division's activities were invited from those who had used Canada Manpower services. Employers were approached directly by letter, as well as through their trade associations and Chambers of Commerce. The Canadian Labour Congress was also invited to comment. Individual Committee members and staff members made many personal visits to Canada Manpower Centres and training facilities. The discussion of manpower policy in the *Eighth Annual Review* of the Economic Council of Canada, (1971) provided an important basis for the Committee's work. All of these sources provided insights which were representative both geographically and vocationally of the world of work in Canada.

The Committee has plans to push its experiment a stage further and press for another innovation—again drawing on British experience. Parliamentary reports may be debated in the Senate Chamber, but under present practice this is when the process ends. The government takes from a report what it wants, discards or ignores what it chooses, but there is no way—other than by inferring from analysis of any subsequent changes in policy—of knowing what the government's reactions to it have been and why. This diminishes the value of the report, limits the opportunity of a committee to learn on the job, and denies the Canadian public the last and most important chapter of the study.

To fill this void, the Committee will invite the Minister of Manpower and Immigration to comment on this report and its recommendations, and in particular to explain where and for what reason he and the Manpower Division disagree either by letter or preferably in a public hearing. The Committee believes the Minister will welcome the opportunity to respond and that this would be an important step in completing the public record.

The potential impact of the review of Estimates in the Canadian Parliament in practical terms is less significant as a means of controlling current expenditure and more important as an instrument for influencing future spending. Given this situation, a follow-up procedure is clearly desirable. Government programs should be consistently measured to see if they yield suitable results.

From time to time the Committee will review the recommendations of its reports. If circumstances warrant a further exploration of the topic it will invite the Department or Division concerned to return to describe the administrative

response taken to those recommendations previously acknowledged by the responsible Minister to be acceptable. The Committee will look for evidence on how the Department has applied specific proposals. When there are budgetary ramifications, it will look for changes in the estimates. Often policies can be reoriented without modifying the budget, and in this case the Committee will have to rely on Ministerial and official statements and other relevant evidence. This procedure will emphasize Parliament's continuing interest in the long-range control of government expenditures.

Even without the formality of this report it is evident that the Manpower Division shares the Committee's understanding of the need for vigorous evaluation and improvement of the services it provides. The Committee may have provided the medium, but the Division too has clearly understood the message brought to it by the witnesses. The Department has already anticipated some of the recommendations of this report and has begun to act upon them.

## II

The formation of the Department of Manpower and Immigration in 1966 marked the official acceptance in Canada of an international trend to regard the management of manpower resources as involving more than the provision of a mechanism to match job seekers to job opportunities and insuring workers against the immediate effects of unemployment. Pioneered in Sweden, the extension of this policy was promoted by the Organization for Economic Cooperation and Development (OECD) to its member countries including Canada. The trend now evident has been adopted in all major industrial countries. The new concept requires the pursuit of an active manpower policy of both short and long term dimensions. It involves making available a wide range of manpower services to the existing labour force and to those added to it through immigration, as well as to employers. From the beginning the Manpower Division of the new department—known generally as Canada Manpower—was given responsibility for developing and extending the modes of delivery of these expanded services.

Elements already existed in Canada on which to build. The National Employment Service offices, then 219 in number, have been transformed into the Canada Manpower Centres of today. Their number has increased to 450 and their range of activity has expanded to offer in one office in each locality not only the original employment service, but each of the other services developed to expand manpower policy. The adjustment of labour market demand and supply is assisted by the provision of mobility grants to assist workers to relocate where productive employment exists. Courses are offered through a variety of training programs to upgrade the skills of members of the labour force at all levels. Training is in fact the most important new activity, absorbing over 60 per cent of the total expenditures of the Division. High seasonal unemployment has been attacked through a number of direct employment programs. Underpinning the entire delivery system is an intensive program of research to provide essential information on future needs of the labour

market in Canada and to evaluate the effectiveness of the current modes of delivery.

The Manpower Division is committed to the development of a modern all-embracing manpower policy. This was clear from the enthusiastic testimony from officials. The Committee commends both the spirit of the policy and the commitment evident in its pursuit. This general commendation underlies the Committee's review of the effectiveness of the ways in which the Manpower Division is putting its active manpower policy concept into effect.

Throughout the report the terms used by the Division itself as functional descriptions of activities have been used. Thus the activity of matching job seekers with job opportunities in a Canada Manpower Centre (CMC) is called 'placement'. The CMC provides a placement service. Canada Manpower follows the usage common in other countries. A 'placement' results when a job seeker referred by the CMC to a vacancy listed by an employer is given a firm offer of employment. In Canada that placement is deemed to have been completed and is counted for statistical purposes as a permanent placement if the employment lasts one full week. Other terms are clarified in context as the activities of the Manpower Division are reviewed.

The present report discusses in detail:

- a) the basic placement function, treating this as an essential element of manpower policy;
- b) training of the labour force, which became the major new thrust of the Division after the creation of the Department in 1966;
- c) the innovative programs of the Job Creation Branch;
- d) the techniques developed in the Department's Strategic Planning and Research Division for forward planning of programs and for evaluating old ones.

The in-depth examination of the activities of Canada Manpower undertaken by the Committee led it to question some of the methods adopted to give effect to manpower policy and the direction being taken by some programs. As a modern industrial state whose economy has to be responsive to rapidly changing international demands, Canada needs a contemporary and effective Manpower policy. Canada faces some manpower problems which take a more acute form than they do in most other developed countries. Its territory is large, its labour force dispersed, and growing at an exceptional rate and there exist substantial economic disparities between different regions of the country.

The activities of Canada Manpower—as distinct from other agencies of the federal or provincial governments—must always be directed in the first instance toward those who seek employment, who are job ready or can be made so through training and counselling. Canada Manpower's pursuit of an active manpower policy has however led it to devote an increasingly large proportion of its total annual expenditures to assisting those who are viewed as disadvantaged, who may lack minimum skills or who are prevented from seeking satisfactory employment because they suffer from physical or social handicaps.



These were some of the concerns which emerged from the extensive examination of the expenditures of Canada Manpower. The Committee approves the broad policy objectives inherent in the decision to create the new Manpower Division in 1966, and offers this report with its many detailed conclusions and recommendations as its contribution to the strengthening of manpower policy in Canada.

*Note:* The table which follows was provided by officials of the Manpower Division at the request of the Committee in order that operating costs and staff in man-years required to meet the program objectives set out in the Department of Manpower and Immigration *Annual Report 73-74* could be compared. Expenditure records are not routinely prepared to show this distribution. The table appears in the printed Proceedings of the Committee on page 5:30.<sup>1</sup>

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<sup>1</sup> *This and similar subsequent notations in the text of the report refer to the issue and page number of the Proceedings of the Standing Senate Committee on National Finance during the first session of the 30th Parliament 1974/75.*

DEPARTMENT OF MANPOWER AND  
IMMIGRATION  
DEVELOPMENT AND UTILIZATION OF  
MANPOWER PROGRAM

1973-74 Fiscal Year

Program Objectives	Expenditures		Man-Year Utiliza- tion	
	\$	%	MY's	%
The effective meeting of Canada's labour needs by rapid matching of jobs and workers through recruitment, counselling, development of job orders and referral of workers to employers and employers to workers;	65,663,762	10.02	5341	65.14
The sponsoring of educational upgrading and training for Canadians to develop satisfying and productive careers while meeting the manpower requirements of employers and the economy;	418,198,424	63.84	1707	20.83
The provision of financial assistance to the unemployed and underemployed, enabling them to move with their families to areas where there are jobs or their skills are in demand;	11,027,719	1.68	192	2.34
The production of employment through job creation programs for the disadvantaged and those experiencing seasonal unemployment;	156,531,470	23.89	735	8.96
The co-ordination of employment and labour-related programs and services in co-operation with other federal departments and provincial and territorial labour and welfare departments and agencies;	1,268,530	0.19	69	0.84
The development of mechanisms for occupational forecasting and manpower planning and the facilitation of manpower adjustments precipitated by technological and other changes;	1,410,011	0.22	31	0.38
The collection, collation, and distribution of labour market information, and the detailed analysis and interpretation of the impact of departmental programs;	1,043,649	0.16	124	1.51
Total Manpower Program	655,143,565	100.0	8199	100.0

NOTES: 1. Total expenditures are as reported in Public Accounts for 1973-74 and total man-years utilized are as reported to Treasury Board for 1973-74.

2. Expenditures consist of program and operating funds expended.

3. The Department's information systems are not sufficiently sophisticated or refined to provide exact cost data for each of the above objectives; therefore the data in this table must be considered as estimates or approximations since many items had to be pro-rated in an arbitrary manner in order to assign operating costs to the objectives.

## PART I

### MANPOWER POLICY AND PROBLEMS IN CANADA



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CHAPTER 1

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AN INFINITELY FLEXIBLE AND SERVICEABLE INSTRUMENT:  
THE OBJECTIVES OF MANPOWER POLICY IN 1975.

The Department of Manpower and Immigration was formed in 1966 by uniting a group of services devoted to the development and utilization of manpower previously located in the Department of Labour with the Immigration Service.

The forerunner to the Manpower Division, the National Employment Service (NES) was established in the early 1940's as part of the Unemployment Commission. The NES was primarily concerned with processing insurance claims. While it had been designed to assist the unemployed in finding suitable employment, it served mainly as a watchdog for the UIC, ensuring that claimants were not trying to cheat. These shortcomings of the NES were noted in the Report of the Commission of Inquiry into the Unemployment Insurance Act (the Gill Report)<sup>1</sup> published in 1962. The Gill Report recommended a thoroughly revamped employment service along the lines of the model employment service as set out in the International Labour Organization's Convention 88, Article 6, which Canada had ratified in 1950.

The Economic Council of Canada in its *First Annual Review* (1964) also found that the NES was failing to achieve its potential role. The Economic Council reaffirmed the Gill Committee's recommendation to place the NES within an operating department and emphasized the need to give the NES the highest possible stature. The NES was at first attached to the Department of Labour where the Manpower Training Program and the Mobility Grants Program were then administered. Upon the formation of the new Department on January 1, 1966 (with effect the following October) all of these were detached from the Department of Labour to become the Manpower Division.

The creation of the Department of Manpower and Immigration gave effect to the decision that Canada would adopt the approach to an active manpower policy promoted by the Organization for Economic Co-operation and Development (OECD). This approach discarded the traditional notion of a public employment agency which provided only a job-matching service. It conceived manpower policy as an economic policy which would be given effect by the provision of a full range of services for the development and utilization of manpower resources.

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<sup>1</sup>*Report of the Committee of Inquiry into the Unemployment Insurance Act.*, Queen's Printer, 1962, pages 190-191.

During the first decade of the Department's operation the emphasis of manpower policy has moved from a straightforward economic orientation to a policy which strongly promotes human resource development. The Manpower Division has been described by the Minister as:

an infinitely flexible and serviceable instrument which can assist Canadians to achieve greater prosperity and well being through a variety of programs and services within the framework of the government's general social and economic objectives. (26:5)

This change is not explicitly evident in the printed explanation provided by the Division to support its annual appropriation in the Main Estimates for 1975/76. The general objective of the Manpower Program has been repeated annually and without change since 1970 when the presentation of the Estimates assumed its present format. This objective is "to further the economic growth of Canada by endeavouring to ensure that the supply of manpower matches the demand qualitatively, quantitatively and geographically."

Sub-objectives delineate the main functions of the Division which are:

- To help individuals select and obtain productive and personally satisfactory employment through efficient counselling in Canada Manpower Centres;
- To increase the level of skill of the labour force through adult occupational training, thereby providing needed skills for industry and raising productivity;
- To facilitate the adjustment of labour market demand and supply by helping workers relocate to the nearest areas where suitable, more productive employment exists;
- To help members of the labour force and employers adapt to technological and other changes;
- To help reduce fluctuations in employment and shorten the period of unemployment.<sup>2</sup>

These sub-objectives reflect the general philosophy about manpower policies inherent in the OECD antecedents of the Department.

In economic terms, economic and social policy may be directed toward three distinct objectives—growth, stability, and equity. These objectives may be sought through the intervention of policy initiatives which emphasize one or the other in varying degrees. The programs of the Manpower Division during the first five years following the formation of the Department emphasized both growth, that is long-run economic growth, and stability which in relation to manpower policy concerns the reduction of unemployment. The social or equity objective which "includes the goals of reducing poverty and inter-regional disparities in the distribution of income"<sup>3</sup> had not yet become an important part of manpower programs. It was pursued during this period almost entirely through the use of a variety of transfer payments—Unemployment Insurance, Family Allowances, welfare payments. The brief from the Department of Manpower and Immigration to the Special Senate Committee on Poverty in Canada in June 1969 reflected the prevailing attitude.

<sup>2</sup> Estimates for the Fiscal Year ending March 31, 1976, 14-10.

<sup>3</sup> Economic Council of Canada, *Eighth Annual Review*, "Design for Decision-Making," 1971; pages 89-93.

....The policies and programs of the Department are essentially economic in character.... The Department would like to make it quite clear that its primary role lies in its contribution to economic growth, full employment....Its role with respect to income distribution, while important, is only secondary.<sup>4</sup>

### Growing Importance of Equity

The emphasis on economic growth began to be diluted in 1970. The *Eighth Annual Review* of the Economic Council of Canada (1971) observed that while the Department stressed the primacy of the growth objective, elements of both an equity and stabilization orientation were also evident in its policy. It quoted a speech made in May, 1970 by Dr. Dymond, then an Assistant Deputy Minister of the Department. The policy of the Manpower Division was he said, "not oblivious to the problems of poverty and the needs of marginal groups in the labour force." The Division had recently begun to move in that direction, but equity and stability were in his view still secondary to the primary objective of facilitating economic growth.<sup>5</sup>

The movement to increase the emphasis on equity gained momentum as the Division responded to the recommendations of several outside agencies. They promoted the view that income from employment was more acceptable to the recipient than income from transfer payments. The Economic Council of Canada was one. Its *Sixth Annual Review* of 1969 observed that "the poor....particularly need access to Manpower programs and this should be reflected both in the objectives and operations of such programs in Canada."<sup>6</sup> The Special Senate Report on Poverty in 1971 was another important influence. It made the distinction now acknowledged to be the motivation for many of the current activities of the Manpower Division.

Manpower development is an economic concept limited to direct labour market activities. Human resource development is a broader social concept which includes all aspects of education, training, retraining and intervention with respect to social, psychological, and physical problems as they relate to people. As one step toward a meaningful anti-poverty program the Government of Canada should shift its emphasis from Manpower to Human Resource Development.<sup>7</sup>

The Poverty Report was followed in 1972 by the Ontario Task Force on Employment Opportunities for Welfare Recipients which urged greater cooperation between welfare agencies and Canada Manpower Centres. The Canadian Council on Social Development has continually emphasized human resource

<sup>4</sup> *Poverty in Canada*, A report of the Special Senate Committee, 1971; page 149.

<sup>5</sup> Economic Council of Canada, *Eighth Annual Review*: op. cit., page 98.

<sup>6</sup> Economic Council of Canada, *Sixth Annual Review*, 1969; page 112.

<sup>7</sup> *Poverty in Canada*; op. cit., page 152.



development as a function of manpower policy. Canadian officials have always taken an active part in the OECD Manpower and Social Affairs Committee, where the adoption of new manpower goals and policies has been promoted by member countries and comparative progress monitored from year to year.

The policy review of the Department in 1972 took all of these opinions into consideration. As a result a program of reorganization and renewal to give effect to the emphasis on social as well as economic objectives was started. It prepared the way for participation by the Department of Manpower and Immigration in the comprehensive review of social security in Canada forecast in the Working Paper on Social Security. Presented by the Minister of National Health and Welfare in April 1973 the Working Paper stated that "the first objective of governments...should be to invest in human development."<sup>8</sup> An important contribution from the Manpower Division was envisaged, particularly through the placement services and training programs available to those seeking employment in Canada Manpower Centres.

The equity goal is no longer a secondary objective in the planning of manpower policies. It has become a dominant objective, but it has been transformed to embrace broad human resource development.

The effect of the change in emphasis can be seen by contrasting the opening statements of the *Annual Review* of the Department for 1973-74 with that of the *Annual Review* for 1974-75. The earlier *Review* affirmed: "Placing people in jobs is the main objective of the Manpower Division. When an unemployed man or woman secures gainful employment, the benefits spread outward..." The 1974-75 *Annual Review* states that during the last year "The major thrust of the Manpower Division...was to focus attention on those Canadian workers who encounter particular and continuing difficulty getting and keeping jobs, and to establish Canada Manpower Centres as an integral part of the communities they serve."

### Assistance to the Disadvantaged

The Manpower Division received guidance from the Economic Council on the form of assistance it could provide to the disadvantaged or marginal groups in Canadian society.

What is required for such groups is a combination of specialized and diversified programs adapted to their particular needs. These might involve special counselling; new motivational techniques; training through work experience; improved community participation; as well as educational upgrading.<sup>9</sup>

The availability of the combination of specialized and diversified services thus developed to assist the disadvantaged distinguishes Canada Manpower Centres from the private placement agencies. The Minister drew this to the attention of the Committee:

<sup>8</sup> *Working Paper on Social Security in Canada*; page 24.

<sup>9</sup> Economic Council of Canada; *Eighth Annual Review*, 1971; page 109.

While private agencies, particularly those run for profit, have only an economic function, Canada Manpower Centre operations are run to provide a basic social and economic service to all Canadians—not selectively, but to all Canadians. (26:8)

In fact there has been selectivity. Since 1972 the Manpower Division has devoted an increasing proportion of its total funds to improve and increase the services to those it identifies as being disadvantaged. While this group includes the physically handicapped it concentrates on those who are disadvantaged in terms of income effectiveness which is defined as receiving welfare or working for wages at or below the poverty level. The Minister identified for the Committee the six specific programs of the Division which are not exclusively devoted to the disadvantaged but which are most often used to provide this assistance.<sup>10</sup> He gave the Committee a breakdown of expenditures devoted to those six programs and the portions of them specifically allotted to the needs of the disadvantaged. In 1974-75, 51 per cent (\$260 million) of the Division's total expenditures on these six programs was directed to "the disadvantaged and people whose incomes are at or below the poverty line agreed to by the Canadian Council of Social Development." (26:8 and 26:27) In addition other employment related programs of the Division have been adjusted to meet the needs of this group, notably the Special Job Finding and Placement Drive and the diagnostic services.

The statement tabled by the Minister and printed in the Proceedings concludes:

Overall it is estimated that in 1973-74 approximately one half of program funds, excluding the Employment Service, were expended on those below the poverty level and there is no reason to suppose that this percentage is currently any different. (26:27)

<sup>10</sup>The six programs identified were Canada Manpower Training Program (CMTP), through Skill Courses and Basic Training Skill Development; Outreach; Local Employment Assistance Program (LEAP); Canada Manpower Industrial Training Program (CMITP); Canada Manpower Mobility Program (CMMP); and Local Initiatives Program (LIP).

Program	Approximate Expenditures Program 1974-75 (\$ million)	Estimated Proportion Expended on "Poverty" Clients	
		%	(\$ million)
CMTP	\$369	53	\$196
CMITP	32	31	9
Outreach	5	86	4
CMMP	8	41	3
LEAP	12	53	6
LIP	84	49	42
TOTAL	\$510	51%	\$260

Note: This table excludes a number of programs on which either data are not readily available, or which are specialized or temporary in nature (e.g.: the Employment Service, Special Job Finding Drive, and OFY) (26:27)

The Committee wishes to draw attention to the rapid expansion of expenditures directed specifically to services for the disadvantaged. A public employment service is not free to choose its clientele. It must serve the job seeker, every job seeker who comes to the Canada Manpower Centre. According to the Manpower Division's own calculations, 75 per cent of those who register with Canada Manpower are active members of the labour force without employment. The effectiveness of Canada Manpower in fulfilling its role as the agency through which job seekers are put in touch with employers in search of workers must be judged primarily by its success in placing the unemployed who either already have qualifications and desire employment or can be made job-ready through a maximum fifty-two weeks of sponsored skill training.

An analysis by the Economic Council of Canada of the current rate of unemployment in Canada which has remained at seven per cent of the labour force for more than a year, established that about 80 per cent of the jobless remain unemployed for three months or less. This group accounts for the fluctuating but persistently high rate of unemployment. It must be compared with the amount of unemployment attributable to the real 'hard-core' unemployed which Dr. Raynauld, Chairman of the Economic Council defined for the Committee as those who are unemployed for more than six months. The percentage of total unemployment attributable to this element does not fluctuate. It remains fairly constant between 1.5 and 2 per cent of the labour force. (18:36)

The public employment service surely must give priority to finding work for the job seeker who is employable but unemployed. To bring into employment the hard-core unemployed or to bring into the labour force the disadvantaged from all the target groups that have been identified as having particular and continuing difficulty getting and keeping jobs is a tremendous challenge. The need to encourage these people to find satisfactory employment cannot be neglected. But in this examination of the Manpower Division the Committee looked at what was being done to develop the total manpower resources of the country. This suggested that the activity of the Division on behalf of the disadvantaged has permeated all program planning. The job seekers who make up the 80 per cent of total unemployment no longer have priority. Throughout this report special attention is paid to those areas of activity of the Manpower Division which could be strengthened to improve services for the job-ready job seeker without detracting from the wholly admirable desire to assist disadvantaged Canadians to achieve greater prosperity and well being.

The Minister has said of the Manpower Division that its "primary responsibility....is to refer competent and qualified workers....to facilitate the placement of workers in terms of their own qualifications." (26:9) The Division's pattern of expenditures suggests that the effort to fulfill this primary responsibility has been diminished as a result of the concentration of effort to assist those most difficult to place. This shift in expenditure and effort must be reconsidered in setting future program objectives.



The Manpower Division has extended the objectives of manpower policy to make it responsive to the basic social and economic needs of Canadians. To attain these objectives it has devoted an increasingly large proportion of its total annual expenditures to assist those who are viewed as disadvantaged, whose opportunities for employment are limited because they lack minimum skills or suffer from social or physical handicaps.

The Committee recognizes that it is important, wherever possible, to assist unemployables to obtain productive employment. But it suggests the time has come to strike a note of caution. Expenditure by the Division of both money and effort on this activity should not lead to the neglect of those job seekers who are job-ready or can be made so through the established training and counselling services of Canada Manpower.

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CHAPTER 2

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A PUBLIC EMPLOYMENT SERVICE IN AN EVOLVING WORK ENVIRONMENT

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The programs administered by the Manpower Division of the Department of Manpower and Immigration are the principal mechanism through which an explicit federal response to current economic conditions relating to employment in Canada are put into practical effect. It was therefore important, in the Committee's view, to develop an appreciation of the present character of the labour force in Canada as a basis for any comprehensive examination of the effectiveness of those programs. Several witnesses, with varied interests and expertise in manpower problems, came before the Committee to share with it their views on a number of aspects of the world of work which are undergoing fundamental changes. These changes have had broad implications for the formulation of manpower policy and have influenced the thrust of the Division's activities. Indeed a review of the nearly 300 titles listed by the Strategic Planning and Research Division (a separate analytic service for the two operational Divisions of the Department of Manpower and Immigration) shows that their program of consultant studies has been directly responsible for a good deal of the research documenting these trends.

The Committee began its hearings early in February 1975 as the national employment rate rose above 7% (seasonally adjusted), the highest rate reached in fourteen years in Canada. It has remained over 7%, and according to all forecasts is unlikely to be significantly reduced in the foreseeable future. At the same time there existed the apparent paradox of well-publicized and substantial, if localized, shortages of labour. The traditional relationship by which the supply of jobs available affects the degree of unemployment has altered. Achieving a match between available people and available jobs has clearly become more difficult.

The work force in Canada by mid-year 1975 had just passed the ten million mark. The rate of growth in the labour force in Canada over the period 1963-73 exceeded that of all other industrialized countries. In those ten years employment in Canada grew by 43 per cent. (18:5) While young people entering the labour force provided a major element of growth, a significant percentage is accounted for by the increasing number of women joining the work force. Women now constitute 35 per cent of the Canadian labour force. (18:8) The educational level of the work force has also increased. By 1981 close to two thirds of Canadian entrants into the labour market will have at least high school education. (18:26)

The evidence given the Committee by Dr. André Raynauld, Chairman of the Economic Council of Canada underscored the problems that confront the policy makers in solving the unemployment problem in Canada. Over two million Canadians experienced some period of unemployment during 1973. One in three Canadians changed their job sometime during the year and many changed it several times. In the course of that year there were close to four and one-half million individual moves in and out of employment and perhaps as many as eight million individual lay-offs or separations. It is estimated that fifty per cent of all prime age males, that is those between twenty-five and forty-four, who are presently employed will leave their place of employment within three or four years. For females in the same age bracket, fifty per cent will leave within two to three years.

The Committee was constantly made aware of the changing attitudes of the work force. It was assured by many witnesses that the work ethic is indeed alive even if altered in its application. This fact has been recently documented in a study published by the Strategic Planning and Research Division.<sup>1</sup> While people want to work, they do not necessarily want to work every week in the year or all day every week. There has been a substantial reduction in the total number of years making up an average working life.

For many reasons workers are more selective about the jobs they are willing to fill. The alteration in the traditional relationship by which increased job vacancies used to reduce the rate of unemployment is an indicator of this new selectivity. Dr. Raynauld told the Committee that since 1971 this relationship has broken down. Job vacancies have increased considerably without affecting the rate of unemployment. (18:8) There are a number of factors contributing to this change. In 1951 less than one-third of all families had more than one bread winner. Today two-thirds are multiple earner families. Yet in only one family out of three such families experiencing unemployment at present has the principal wage earner been affected. The improvement in Unemployment Insurance benefits has allowed people to wait a longer time for the right job to come along. Unemployment insurance may also lead to increased participation in the labour force by people who are working the minimum period to qualify for benefits.

Job choices are also influenced far more than previously by perceptions of prestige and the desire for challenging, interesting employment. Unpleasant working conditions and unsocial hours of employment are important factors contributing to the problem of turnover in industry. Employer representations to the Committee were explicit that the fluidity of movement into and out of the work force had created severe recruitment problems in many sectors.

The intensity of activity in the job search has changed. Dr. Raynauld emphasized that in the surveys made by the Economic Council of Canada it was found that "most persons whether young or old, male or female showed a

<sup>1</sup> *Canadian Work Values: Findings of a Work Ethic Survey and a Job Satisfaction Survey.* Department of Manpower and Immigration April 1975.



pretty weak effort in searching....They averaged less than two responses to advertising or contacts with employers per month, less than two." (18:19)

The demand for labour by economic sectors has also altered. The service sector now utilizes 65 per cent of the work force. Work in the service sector is most likely to be compatible with the flexible attitudes towards hours of work which are emerging. Much of the growth of the service sector is related to the increased demands of Canadians for better education and health care which in turn creates a demand for expansion of government services.

These changes in the characteristics of the Canadian labour market affect the context in which the public employment service functions—"the environment in which the Department operates" as the Minister called it. The Committee received much information from the Manpower Division on how it is attempting to shape its programs to fit the evolving employment situation.

It seems relevant as an introduction to the more detailed assessment which follows to suggest briefly some relationships between the evolving state of the job market and the on-going activity of the Manpower Division. These will be elaborated in the context of the appropriate activity later in the report.

In considering the placement operation of the Division, the fluidity of the work force must be borne in mind. The problems of turnover faced by employers puts pressure on the services available in Canada Manpower Centres. The instability of attachment to the work force affects the application of the specialized programs developed to assist both employers and job seekers.

Part-time employment is a phenomenon directly related to the changing work scene. Twelve per cent of all jobs are now estimated to be part-time. Twenty-five per cent of all females and seven per cent of all males work less than 35 hours a week at part-time jobs. In fact the Minister asked for the comments of the Committee on whether Canada Manpower Centres, should enter this expanding area of placement.

The development of techniques within the operations of Canada Manpower Centres including any future adaptations of the Job Information Centres will have to take into account the surveys of the Economic Council which documented the generally weak effort of the unemployed in their search for a job.

The discrepancy between the rate of unemployment and the number of job vacancies has implications for the formulation of training plans by the Division and for the ordering of its purchase of training seats from the provinces. In setting out training priorities there must also be recognition of the fact that many do not want full-time employment. The training requirements for employment in the service sector must be weighed against those required by industry.

These are just some of the areas where the strong interrelationship between developments in the world of work and the programs of the Manpower Division are already evident. Some approaches to these developments can only

be taken in cooperation with other departments of government. The Division does collaborate with many of them.<sup>1</sup>

Attitudes toward employment in Canada have altered in recent years. Canadians change their jobs more frequently; they are selective about the jobs they are willing to fill and surveys show that on average their job search effort is weak. These attitudes affect the competence of Canada Manpower and must be kept in mind in assessing the effectiveness of the services provided.

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<sup>1</sup> As indicated in the table on page xxix, the coordination of programs and services with other departments and agencies both federal and provincial absorbed \$1.2 million of the total expenditures on manpower programs in 1973-74.

PART II:

MATCHING JOB SEEKERS AND JOBS:  
THE PLACEMENT FUNCTION



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 CHAPTER 3
 

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 THE FORMIDABLE TASK:  
 AN INTRODUCTION TO CANADA MANPOWER'S PLACEMENT  
 SERVICES

"The enormous and continuous labour market flows of quits, lay-offs, hires and new entrants to the labour force impose a formidable task of matching men and jobs which requires large amounts of time, information and money."<sup>1</sup> Thus the Economic Council characterized the challenge faced by the Manpower Division. No matter how formidable, placement in the sense of matching job seekers with job opportunities is a fundamental activity of the Division. The direct costs of this function in 1973-74 were \$65,663,762 or 10.02 per cent of the total expenditure of the Division. It utilized 5,341 man-years or 65.14 per cent of the total staff of the Division. (5:30)

What did all these people accomplish? In terms of raw data—how many persons placed in how many jobs—the Division provided detailed operational statistics which have been printed in the Proceedings. (5:31) In summary, for the year 1973-74, Divisional records showed 3,950,000 active registrations by persons seeking employment. Employers listed 1,508,000 vacancies to which 2,886,000 referrals resulted in 1,043,000 full time placements, full-time being understood to describe a placement for at least one full week.<sup>2</sup>

In the light of these figures, how extensively are Canada Manpower Centres used by persons looking for work? Many more contact the Centres than actually are placed in employment by them. Dr. Raynauld estimated that "less than one in six job searchers find employment through CMC's, although three out of four contact the Centres." (18:19).

How many of the total number of job openings which occur in Canada each year are filled by referrals from Canada Manpower Centres? The

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<sup>1</sup> Economic Council of Canada, *Eighth Annual Review*, 1971, page 90.

<sup>2</sup> Comparable figures on placement for 1974-75 show increased registrations and referrals were made to fewer job vacancies and fewer placements resulted:

Registrations or re-registrations	4,300,712
Job Vacancies Listed	1,491,538
Referrals by CMCs	3,448,475
Regular Placements	1,034,547

Source: *Annual Report 1974-75*, page xi.

Minister appeared anxious to demonstrate that the Division handled a significant proportion of placements.

Although we do not have accurate data on the total number of job openings which occur in Canada each year, our best estimate is that CMCs fill 25 to 35 per cent of job openings. (4:9)

He assured the Committee that Canada was first among six countries used for comparison of the effectiveness of placement by public employment agencies—the United States, the United Kingdom, Sweden, France and West Germany. This estimate is in line with the recent observation of an American researcher:

Around the world, few employment services can claim that their penetration rates (the share of the employment service in all placements) are above 25%; all employment services recognize that most people find their jobs through other channels, especially by direct application to employers or the aid of relatives and friends.<sup>3</sup>

The Division is apparently meeting the international standard in sheer numbers of placements. However, the bald figures do not convey very much in terms of real effectiveness of placement. "Clearly, Canada Manpower is much better at finding people for jobs, than finding jobs for people." This was Mr. Baetz' comment on the statistical evidence that in 1973-74 only about one-third of referrals actually led to an offer of employment. (12:7) The basic cause for this imbalance is that a government placement service cannot refuse any one who wishes to register. The Minister commented that the quality of referrals in part "depends very much upon the competence and number of our worker clients. The less qualified our clients are, the less capable we are going to be in meeting employers' needs." (26:6) A senior official was more blunt:

Many people do not appreciate the real difficulties which the Department has in working with the kind of labour market we have. The fact of the matter is that we can only refer people who want to be referred. We can only refer to firms people we have got. (24:16)

This is in strong contrast to the conditions under which private placement agencies operate. While they must provide service to the job seeker, they know that their prime function is to serve the employer. They are not restricted in their search for the right person for the job to those who are unemployed. They are highly rated by employers because they offer fully screened applicants who fill the job requirements.

Canada Manpower Centres in contrast must serve the unemployed job seeker. This imposes a limitation which only a government supported agency could live with. The government is in effect running an *unemployment agency*. But within this limitation the match between those who register with Canada Manpower Centres and the jobs offered by employers who have specified qualifications for those jobs must be made to serve both parties as well as

<sup>3</sup> Beatrice G. Reubens, "Employment Services: The Global View" *Manpower*; Sept. 1975.

possible. Where the quality of the match cannot be assured it is particularly important that employers understand that there are limitations in the service which can be given to them. Their cooperation must be secured before a really effective public placement function can be realized.

Many advantages would follow if the cooperation of employers was encouraged through improved service and particularly through better understanding of the Division's obligation to the job seeker. The employers' capacity to complement the Division's efforts to assist specialized groups of job seekers could be more readily called upon. Cooperation in the design of practical training programs would be enhanced.

**Canada Manpower is restricted in its placement service activities by two conditions. It cannot refuse to assist any job seeker who registers and it must fill vacancies from persons registered with it. It follows that the Division's first responsibility as a public service must be to the job seeker and especially to the unemployed job seeker.**

**This fact must be faced. To be effective the Division must therefore seek the understanding and cooperation of employers by explaining the limitations which its role as an *unemployment* agency places on the services they can expect from Canada Manpower Centres.**



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## CHAPTER 4

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### THE CANADA MANPOWER CENTRE

The placement activity of the Manpower Division is carried out through 600 points of service. These include 450 permanent Canada Manpower Centres and 172 locations regularly covered by an itinerant service, together staffed by approximately 4,000 counsellors. In its presentation to the Committee the Division described the range of activities carried out in a Canada Manpower Centre.

The CMC is the point at which manpower policy takes concrete form. Here placement, employment, counselling, testing, employer services, selection for manpower training, the provision of training allowances and mobility grants and the creation of job opportunities actually take place. (11:31)

With over 450 CMCs there is obviously a danger of generalizing. Some of the following comments may have general application, but many do not. Some may be relevant to a category of CMCs such as those in large urban centres. The majority of comments will concern cases or situations which occur on a random basis in some CMCs and not in others mainly for historical and personal reasons. Sometimes the directives from headquarters may be at fault; in other instances, the local CMCs may be ignoring an instruction.

#### **The Job Description**

The actual procedure of placing people in jobs is put in motion in the Canada Manpower Centre when the employer places his job order. This form describes the nature of the work to be performed and the qualifications desired in those referred for employment. It is at present dealt with in Canada Manpower Centres at various staff levels ranging from the anonymous telephone operator to the occupational specialist counsellor. The accuracy of the information recorded when the order is taken and the understanding of the nature of the job have a direct bearing on the referral of a job seeker. The job order must be accurately recorded and understood in the Canada Manpower Centre by both those who receive it from the employer and those who refer applicants to fill it.

Unfortunately, the very streamlining of recording job orders by a telephone clerk in urban CMCs is a source of frustration to employers who want to work through a counsellor they know, or an official they can call back by name. This desire should be met. The development of the essential rapport between the counsellor and the employer which will benefit the job seeker begins with this initial contact.

Employers are apparently not always explicit and this was acknowledged by them. They assume knowledge of their occupational field. They put the onus for getting a complete job description on the manpower representative taking the order. A telephone clerk can only record the general category of the job order. The employer should be referred to a counsellor or counsellor assistant who has an understanding of the nature of his business and who will follow through with that employer the final disposition of the job order.

To assist counsellors to understand employers' requirements, the Division has developed occupational reference guides which classify jobs more precisely. They provide guidance to counsellors about training prerequisites and prevailing rates of pay. *The Canadian Classification and Dictionary of Occupations* gives information about 20,000 different jobs. Mr. Manion told the Committee:

It is being generally used, and will be increasingly used throughout the educational and training system in Canada, and throughout the counselling system in Canada. It is by far, I think, the most sophisticated and accurate device available to counsellors in this country. (6:21)

Even so at least one association of small employers, the Canadian Restaurant Association, was specifically critical of this occupational guide as being "vague in its terminology in some areas and difficult to fully understand if one is not experienced in the food service industry." The brief submitted to the Committee by this Association called for revision and updating of the guide.

There was no consensus among employers writing to the Committee about the speed with which the job order is processed. While many complained that very little attention was paid to the urgency of a particular opening, others stated they were satisfied with the time taken to make referrals. The Division is fully aware that successful placements most often result from prompt action on a job order and that delay leads to cancellation. It regards the time factor as one indicator of the effectiveness of its placement services. The Committee was told that in 1973-74, 63 per cent of all job orders were satisfactorily filled within ten days of receiving the order. It is apparent that job orders have a distinct 'shelf-life', an effective time-limit. The job order placed by an employer should carry an agreed time-limit after which referrals are only made if it is established by direct contact that that employer is still interested.

The consequences of the incorrect appraisal of the job description will be assessed in connection with the entire screening process.

**The employer who seeks workers should be given a contact in the Canada Manpower Centre who should be a manpower counsellor or a counsellor assistant. This is necessary to secure the cooperation of employers and thereby to fulfill Canada Manpower's responsibility to the job seeker.**

**The Committee recommends that the Division improve arrangements for the receipt of job orders to ensure that all relevant information is included and that the order is an accurate description of the work and the working conditions.**

The counsellor contact handling the order should personally verify that appropriate action has been taken in the CMC and that the employer is satisfied his job order has been given attention.

### The Job Information Centre

The Division has introduced a new facility for speeding up the processing of job orders, for generally improving the placement service. This is a section of the Canada Manpower Centre known as the Job Information Centre (JIC), a store-front, self-service operation. JICs were installed in 350 Canada Manpower Centres by March 31, 1975 with the remaining ones scheduled for completion in 1976. In the JIC all job orders are publically posted in printed listings or on cards by occupational category for quick reference by a job-seeker. The name of the employer is not shown. Referrals to actual employers are made by counsellors usually assigned on rotation to work in the JIC area. In this system, the amount of screening is minimal. The job seeker interested in the job has a brief interview with the JIC counsellor who checks that the job is still open and arranges an interview with the employer. Only minimal verification is made of the job seeker's qualifications for referrals of this kind.

The development of the Job Information Centres followed a suggestion by the Economic Council in 1971 that the Division carry out pilot projects to test the "open-file" system of listing available jobs. Ottawa and Hamilton were first selected. The pilot projects drew on the experience in the self-service approach already in operation in the public employment services of the United States, Germany and Sweden.

The Job Information Centre is designed for the job-ready client who can help himself with a minimum of assistance from a counsellor. This is an aspect which has an obvious appeal for the Division. "The idea here is that about sixty per cent of the people who are looking for a job do not need a heavy paternalistic approach to it", the Minister explained. (4:11) With the Job Information Centre in operation the flow of routine business is improved so that more counsellors are available to provide the more demanding specialized services developed to assist the hard-to-place, disadvantaged worker. It frees counsellors "to concentrate on the forty per cent of the people who need more than simply a referral." (4:12) The importance of this should not be underestimated. Mr. Manion has stated that the extra time for other activities which has become available "is the primary contribution of JICs and the most significant measure of their worth."<sup>1</sup>

The Division has promoted the benefits of this system to employers by pointing out the increased exposure given to their job orders. The employer potentially has a longer list of candidates to choose from. Fewer vacancies are therefore likely to be cancelled because of a lack of suitable candidates. The

<sup>1</sup> *Canada Manpower Review*, Second Quarter, 1974., page 14.



benefit to the job seeker is chiefly that he has a greater choice of jobs. The number of jobs listed under the occupational headings quickly establishes the current demand for labour in any skill. The job seeker has also the satisfaction that he is taking the initiative in seeking a referral.

There are several ways of judging the value to the placement process of this method of matching workers and jobs. At the very least it can be regarded as merely an alternative form of advertisement with a box number. As a technique however it commands academic approbation from manpower economists. Dr. Meltz called it "a major conceptual innovation."

I think it is an excellent concept, but where the conceptual breakthrough really comes in is in saying, 'We are not going to do all this matching. We are not going to make the decision as to which worker should go to which jobs.' We are going to open up the files and say, 'Here are the jobs. You decide which ones you are interested in. We will then determine whether you are job-ready or not.' (14:8)

Dr. Dupré also welcomed the development of the Job Information Centre concept. He urged its full development as a means of maximizing labour force information. In this he included listing known, if not registered, job opportunities existing in the community, for example listing the information that a particular plant happens to be hiring at a given time at the plant gate. (16:13) Many of his suggestions about the potential effectiveness of Job Information Centres to provide training opportunities have been put into effect. A Job Information Centre installed as directed from Headquarters will list out-of-town job orders. It will include a library of general information on employment opportunities and a training file showing current and planned occupational training courses. The opportunity to attend classes demonstrating the Creative Job Search Technique is also offered.

The effectiveness of the Job Information Centre depends on constant up-dating of the lists of job orders as referrals are made. As a technique it is clearly best suited to the work flow of the large urban Canada Manpower Centre where as equipment becomes available, computerized daily listings of job orders can be presented. Where there is a large volume of job orders to be processed, it has demonstratively speeded up the matching process, extended the dissemination of labour market information and helped the Division in its effort to reduce paper work.

There are limitations however to the extension of Job Information Centres which the Division did not perhaps anticipate when it established them throughout the Canada Manpower Centre network. The concept is not suited to the operations of all 450 Centres. Yet at the time of the Committee's hearings complete coverage was within sight. Over 90 per cent of CMCs had undertaken the installation of a Job Information Centre. In the small town CMC displays in the Job Information Centre are little more than a form of office decoration; the local information network about job openings is quicker and quite dependable. An office which services a rural area faces another situation. Casual job seekers are less likely to drop in and serious job seekers

are registered and known to the local counsellor; his contact with local employers is that of a neighbour in a small community.

In the large urban CMC where the operation is fully developed there are other incipient defects in the system. The 'store-front' presentation of the JIC listings means that it occupies the main public area of the Manpower Centre premises. "This is the first part the client would normally see when a JIC is fully introduced", the Committee was told. (5.8) But as a method of job search, the JIC should not be so actively promoted by staff that it discourages job seekers who require more intensive counselling assistance. The design of each CMC must be taken into account and in large offices in particular the Job Information Centre should be carefully situated to avoid this problem.

Moreover, the JIC reception area staff, including the monitor counsellors assigned specifically to circulate in the JIC area, should be constantly on the look out for those who cannot take advantage of this service, who have deeper counselling needs and who should be seen first by a counsellor. This is most important in urban CMCs servicing immigrant workers who may be unfamiliar with the 'self-service' approach and are further handicapped by language problems.

The minimum screening resulting from handling all job orders through the Job Information Centre risks further alienating employers who are already severely critical of the lack of screening of applicants. One Vancouver employer put it that the CMC must give "the individual some kind of job counselling, otherwise you might as well post a vacancy on the bulletin board at the laundramat." In fact, employers apparently do not always distinguish between referrals made of those job seekers who have been given a cursory review of qualifications in the Job Information Centre and those who are directed as a result of more intensive counselling.

Referrals to a job order listed in the JIC should be distinguished in some way. It would be helpful to employers if the referral form clearly stated that minimum screening had been given. In this way employers would become aware that, while the jobs listed in the JIC will receive maximum exposure to job seekers, effective screening of applicants for those jobs does not take place.

Employers were told in the brochure prepared to introduce the Job Information Centres that they could stipulate that job orders not be posted in this way. Unposted orders are handled by CMC counsellors directly as before. In practice such a request is seldom made. When the job order is taken the employer is asked to specify the number of applicants he would like to see. If there is a time limit to be met, it may become a "critical" order and given direct processing. All other orders automatically are listed on the JIC boards or lists.

**The Job Information Centre is an efficient method of handling job-ready clients, thus leaving CMC personnel more time for job seekers who require vocational counselling or training. The counsellor taking the job order should**

be required to ensure that the employer completely understands the limited screening of applicants likely to be referred to him from a listing of his order in the JIC. Referral forms should also indicate clearly that only limited screening has been given to the job seeker being referred.

The JIC staff, including the monitor counsellors assigned specifically to circulate in the JIC area, should be constantly on the lookout for those who cannot take advantage of this service, who have deeper counselling needs and who should be directed to counsellors responsible for giving this assistance.

### **The Canada Manpower Counsellor—Duties and Qualifications**

“The Manpower counsellor deals with people and their problems. You will agree that no two human beings are the same and therefore, there is nothing routine about the job of a Manpower counsellor.” This observation was made by a manager of a CMC in a letter to the editor of the *Financial Post*.<sup>2</sup> From everything the Committee was told and from many personal visits to Canada Manpower Centres, it was apparent that the manpower counsellor is the key person in the effective promotion of manpower policies. In numbers they represent 57.9 per cent of the total manpower staff, about 4,000 in all. Nearly one-third of them are women. The Division estimated that counsellors annually conduct close to six million interviews and in 1974-75 Canada Manpower staff made 256,335 visits to employers.

Prior to 1966 this official was called a ‘placement officer’. The designation ‘manpower counsellor’ which was adopted to reflect the new Departmental name in 1966, is more descriptive of the role now played in human resource development. The present range of responsibilities has been described by one counsellor:

We’re a resource centre as well as a placement agency. We have to know where to send an applicant to live, get money or get treatment for alcoholism or a drug problem. And we’re also an information centre; we have to know about UIC and Workmen’s Compensation and labour law and regulations.<sup>3</sup>

Counsellors carry a heavy case-load. It was established in the hearings that there may be upwards of 800 jobs seekers on a single counsellor’s file, albeit organized by his occupational interest and qualifications. Theoretically a system of purging removes the names of those who no longer need assistance every thirty days. The system of referrals through the Job Information Centre has improved the flow of paper work arising from the placement process. The Division is also introducing the concept that it is the responsibility of the individual job seeker to inform the counsellor that he still needs help after thirty days.

<sup>2</sup> *Financial Post*, September 20, 1975.

<sup>3</sup> *Industrial Canada*, Jan/Feb. 1973, page 21.



The diffusion of duties resulting from the increased emphasis on human resource development has disturbed some counsellors. One wrote privately to the Committee:

It was only a couple of years ago that our emphasis was on being an effective placement service . . . . Now we find the placement taking a secondary role, UIC enforcement and social workers have taken over as the first priority . . . . We can get so involved in helping the unfortunate that we lose sight of our main purpose—maximum utilization of the labour force.

This counsellor's concern that the range of special services directed toward the disadvantaged has reduced his effectiveness as placement officer was also expressed by others who appeared before the Committee. "The main goal of counselling in a Canada Manpower Centre to me is to serve the placement function", Dr. Dupré told the Committee.

If all of this in-depth counselling of individuals with personal as opposed to placement problems is conducted by the placement agency, you simply get that placement agency away too much from concentrating on what its prime objective should be. (16:18)

This objection is met to some extent, at least where there are sufficient counsellors on the staff of a CMC, by a division of duties made possible by the installation of the Job Information Centre. It separates those in need of in-depth counselling from those who are job-ready. Where feasible, given the size of the Canada Manpower Centre and the size of its workload, this functional division should be publicly acknowledged by reinstating the old title of placement officer to describe those whose duties relate primarily to the placement of the job-ready or nearly job-ready. The title of manpower counsellor would then be restricted to those who are specialists in vocational and personal counselling, a large number of whom have been recruited by the Division.

The Committee learned that many counsellors—to use the present undifferentiated title—spend a disproportionate amount of their time dealing with persons who have great difficulty getting or holding a job and who return to the CMC over and over again. When such repeaters are identified they should be transferred by a placement officer to the manpower counsellor. However the responsibilities of even the manpower counsellor should be limited. Some of their activities have left the impression that the CMC is an extension of the community social assistance agency. Manpower counsellors should, as far as possible, restrict their activities to the improvement of the job seekers' employment potential and should refer clients requiring guidance on personal problems to the appropriate agency.

The qualifications listed on posters recruiting manpower counsellors are first, university graduation or evidence of demonstrated capacity for administrative work; second, related experience evidenced by having carried out work assignments involving the provision of services for the welfare and social needs of individuals or the instruction, interviewing and guidance of individuals.

The criteria for selection of candidates for the position of Manpower counsellor has altered with the change in emphasis to a greater concentration on social objectives. The Minister told the Committee that counsellors are "recruited for both their experience in the real world of work and for their academic background. Today they are better educated than they were in 1966." Some fifty-three per cent have a minimum of a Bachelor degree. Many have post-graduate training in psychology, vocational training and related fields of specialization. (4.9)

Dr. Dupré and Dr. Meltz expressed doubts about the expanded employment of university graduates in manpower counselling. Based on his study of manpower activities in Ontario, Dr. Dupré told the Committee:

Our findings were that, by and large, this did not turn out to be a very good idea . . . CMC managers emphasized to us that what they really looked for in a counsellor was someone who had labour market experience related to the types of occupations in which placements were being made. University graduates . . . tended to lack this experience and in terms of counselling effectiveness were really only good, by and large, in dealing with people problems, as opposed to placement problems. (16:13)

The Division is developing techniques for post recruitment, in-service training but this has a limited value compared with a background of genuine working experience. Employers appearing before the Committee stressed this point.

The incompetent appraisal of the job placement request made by personnel of the Canada Manpower Centre, is possibly due to lack of their own qualifications . . . It would appear that many counsellors . . . employed by Canada Manpower are university educated, and one would assume that such an individual would know what a machinist is, what a marketing analyst is, and so forth, yet, our experience does not bear that out.<sup>4</sup> (19:14)

Another employer wrote:

. . . Unless the counsellor has at least some knowledge of the skills required and can ask the proper questions of the applicant and recognize his knowledge or lack of it, a written job description is just so many words on a piece of paper.<sup>5</sup>

The Minister rightly has a high regard for the dedication and concern of manpower counsellors. They are the foundation for the administration of the entire range of manpower programs. But if employers are going to take the objectives of the Manpower Division seriously and cooperate in the achievement of them they must have confidence that the counsellors who refer job seekers to them really understand the world of work and can relate to it from actual experience.

There is a logical connection between the duties and the qualifications required of counsellors in CMCs. The Division should, where possible, give explicit recognition to the functional division of duties they perform. The

<sup>4</sup> M. C. Dressler, Hoffman-LaRoche Limited

<sup>5</sup> Letter from E. J. Pollack, Leigh-Marsland Engineering Company

Committee therefore recommends that those directly involved in the actual referral of job ready clients to specific job orders should be designated 'placement officers'. A fundamental requirement for employment in this function should be genuine experience in work, especially work related to one of the occupations placed frequently by the CMC in the locality where the placement officer is assigned.

Those who retain the title 'manpower counsellor' would be responsible for in depth vocational and employment counselling of those clients who are more difficult to place. They should have an adequate specialized educational background for this responsibility combined with some relevant work experience. All counsellors should be limited to giving employment related counselling only.

In order to meet the diverse demands of their job, placement counsellors particularly need to have "at their fingertips a feel for what is going on in the community", as Dr. Dupré expressed it. Evidence was given of the quantity of research and information on current trends in the labour market, and occupational analysis which flows out from the department to CMC offices. It would appear however that in the end, regardless of the extent of informational support provided, there is no substitute for "the relentless emphasis on keeping in touch."<sup>6</sup> The effort is simpler for counsellors in a small CMC who are part of the community in which they work in every sense. Counsellors in the large urban Manpower office must create opportunities for keeping in touch with employers. They must make regular visits to the training and welfare facilities with which they have frequent contact.

Most important of all, counsellors must keep in touch with employers both through visits to places of work and by maintaining direct personal contact throughout the job matching process from the initial listing of the vacancy through the referral and the acceptance or rejection of that referral. Individual counsellors should have a specific assignment, a group of employers identified by either the type or the physical location of their places of business, for whom that counsellor is the specific continuing contact within the CMC. In normal practice this would also be the counsellor responsible for taking the job order. This would satisfy employers' wishes and would provide the basis on which to build mutual interest and understanding. Such understanding would enhance the counsellor's ability to assist job seekers. It would open up opportunities to persuade employers to be more flexible in their attitudes towards job seekers who lack the paper qualifications set out in the job order. Counsellors must undertake the important role of explaining to employers that the responsibility of the CMC is to the job seeker. They must foster the close continuing contact with their own group of employers which is fundamental to the fulfillment of that responsibility.

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<sup>6</sup> *Industrial Canada*, op. cit., page 15.



The Division should, where possible, give explicit recognition to the functional division of duties performed by counsellors in Canada Manpower Centres. Those directly involved in the actual referral of job-ready clients to specific job orders should be designated 'placement officers'. Those responsible for in-depth vocational and employment counselling should retain the title 'manpower counsellor'.

The qualifications for an assignment as a 'placement officer' in a Canada Manpower Centre should be a genuine experience in work, especially work related to one of the occupations for which placements are frequently made in that locality. 'Manpower counsellors' should have an adequate specialized educational background for this responsibility combined with relevant work experience.

Manpower counsellors should, as far as possible, restrict their activities to the improvement of the job seekers' employment potential and should refer clients requiring guidance on personal problems to the appropriate agency.

In order to keep the good will of employers placement officers should be assigned a specific list of employer clients. They should make every effort to become familiar with their employers' current manpower requirements through visits to the work site. Job orders from employers should be the direct responsibility of the designated placement officer who should follow the order through every stage from referral to acceptance or rejection of that referral.

#### **Computerization—A solution to the problem of the urban CMC**

To formulate their response to the Committee's request for assistance in this study of the Manpower Division, associations of employers solicited comments from hundreds of their member companies. One was a general enquiry, "How well do Canada Manpower Centres serve in filling job vacancies?" "Do CMCs provide fast, efficient courteous service?" There was a resounding response that courteous service was received, but the intensity of employers' complaints about service increased almost in direct proportion to the size of the CMC. The large Canada Manpower Centres in the urban areas of Toronto, Montreal, Hamilton and Vancouver were the subject of particular complaint. Here is a typical answer to those questions.

Most CMCs are relatively fast and courteous. However, competency varies from one centre to the next. Generally, the smaller the centre the more competent. The amount of screening is again largely a function of the individual centre and the larger ones seem to do less than the smaller ones.<sup>7</sup>

The sheer size of the industrial community in the major cities which must be serviced creates problems for the Division. The largest CMC is the Industrial and Trades office at 200 Dundas Street East in Toronto. It has a staff of about 240. There are in all 15 CMCs in Toronto. "There are at any one

<sup>7</sup> Brief from Pulp and Paper Association, page 3.

time about 9,000 jobs in our files in a place like Toronto or Montreal", it was explained by the Director of the Manpower Co-ordination Branch. (5:9) It would appear that there is much less likelihood in smaller communities of tension developing between employers and the CMC. Frustration and criticism were most evident in the comments received from employers in the metropolitan areas.

How can these large offices be made more responsive and still deal with the tremendous volume of business? Dr. Meltz discussed some solutions with the Committee. One was based on research on private placement agencies by Lawrence Fric.<sup>8</sup> Dr. Fric found private agencies averaged about four counsellors per office; that there were few economies of scale in larger offices. This led Dr. Meltz to suggest that consideration might be given to "the establishment of small offices specializing in a few occupations and located near the firms which hire these kinds of labour." (14:30)

Large urban CMCs would be more effective if smaller subsidiary offices maintaining contact with a central authority could be established. Such offices could more readily respond to localized needs while at the same time have access to the pool of talent and job opportunities existing throughout the urban area.

The Division is aware of the general problem of the urban CMC. "We recognize that our manpower centres are far too big", Mr. Manion commented in reference to the Toronto-Hamilton area. He told the Committee about the development of an on-line mini-computer system which could be extended and which would eventually make it possible to breakdown the larger offices into small ones and still maintain instantaneous communication. (5:23)

In practical terms, this means that in Toronto for example, instead of having 15 we could have hundreds of small offices on a neighbourhood basis. . . . But we are far from that now, except as a possibility. (5:23)

The Hamilton CMC has been selected to test this system. This area has already been partially broken down. Job orders and referrals are processed daily by the main office computer to update information in JICs in the main office and in the four satellite branch offices. If relevant data from the registration of job seekers could be added the on-line system would further speed referrals for placement and reduce the paper work involved.

All CMCs, regardless of size, have been involved in the "paper war" caused by cumbersome procedures previously in use in the placement operation. The Division has carried out a number of studies of ways to eliminate the accumulation of recorded data. The increasing application of technological improvements like the on-line mini-computer together with the simplification of the process of placing job-ready clients through the Job Information Centre and the mandatory removal of outdated client registrations should do something to reduce the flow.

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<sup>8</sup> Lawrence Fric, *The Role of Private Employment Agencies in the Canadian Labour Market*. Unpublished Ph.D. Thesis, University of Toronto. 1973

There are no simple solutions for the distinctive big city problems which affect certain CMCs. It became evident many times throughout the hearings that the large Centres have such a problem and that effective relations with metropolitan employers are much more difficult to establish and retain. A real improvement in those relations could be achieved through a major investment in the computerization of the processes followed in urban CMCs. Some areas of simplification can be anticipated. The registrations of job seekers are still filed manually and the retrieval of data about job seekers including their vocational interests is still a manual operation. The computer could speed up the matching of available job seekers with the lists of job vacancies now computerized daily in several locations. The computer could identify job seekers who re-register frequently so that the specialized programs of assistance could be offered to them. Subsidiary data could be more easily collected on occupational demands and salary trends in occupations.

The substantial savings in counsellors' time resulting from the reduction in paper work and the consequent increased effectiveness of the service to both employers and job seekers would in the long run compensate for the initial cost. The Division's move toward the extension of the on-line computer system in its urban CMCs should proceed as quickly as possible. There are significant benefits to be derived from giving priority to the extension of computerized record-keeping in urban CMCs which amply justify this expenditure. Not only would routine paper work be reduced, but the link-up by computer of CMCs in a large urban area would permit the extension of CMC services through smaller neighbourhood satellite offices.

In order to make large urban CMCs more effective, the Committee recommends that smaller subsidiary offices be established which would maintain contact with a central facility. Such offices could more readily respond to local needs while at the same time have access to information about job opportunities and job seekers in the surrounding area. For the same reason the Committee strongly supports the Division's move toward the extension of the on-line computer system in its urban CMCs. There are significant benefits to be derived from computerized record-keeping which amply justify this expenditure. Not only would routine paper work be reduced, but the link-up by computer of CMCs in a large urban area would facilitate the recommended extension of CMC service through smaller neighbourhood satellite offices.

### **A Community Role for the CMC?**

Another aspect of the administration of a Canada Manpower Centre is its relationship to its community—'community' meaning "the people in the area served by the manpower centre" by Mr. Manion's definition. (5:22) As it has expanded its programs for the development of human resources, the Division has also elaborated the view of the CMC as a community resource with larger objectives than those of an employment agency only. This was the first point about the role of CMCs made to the Committee by officials of the Division.



The current reorganization and renewal program of the Division has been built on this. The ideal CMC has been described in an authorized in-service paper, *The CMC in the Community*.

The CMC is the focus of federal manpower programs in the community. But it should also be the focus of community participation in those manpower programs. It should solicit and encourage community participation as well as consultation in departmental programs.

The responsibility of the staff of the CMC is developed in the paper, starting from this theme:

The CMC team, led by the CMC manager, is responsible not only to "deliver" approved programs and services to the community, but to represent the needs and problems of the community in the determination of policies, programs and services which are appropriate to meet those needs.

The paper concludes:

The **community** has a right to expect from the CMC . . . that the CMC co-ordinates its services and programs with other agencies in the community for the benefit of the community.

To facilitate their specialized services for those in need of intensive in-depth counselling—that is counselling for clients with hard-core physical, social and cultural difficulties as the Division describes this level of service—CMCs in many locations have established a strong working relationship with both UIC offices and local provincial and municipal welfare agencies. Increasing cooperation between the CMC and various public organizations within communities has also arisen from the development of job creation programs and from the social security review. It is now evident in the part to be played by the CMC as the co-ordinating agency in the implementation of the Community Employment Strategy.

A proposal for a direct community role for CMCs was presented to the Committee by Mr. Charles Caccia, M.P. In his view "Canada Manpower Centres in rural areas provide a fairly good example of community integration, whereas those in the urban areas, particularly in Montreal and Toronto, lag behind in this respect." (17:5) The detail of his picture of the CMC as a "community information centre", cooperating with neighbourhood activity groups can be found in the printed proceedings. He suggested that this expanded role be undertaken with the guidance of a "board of directors" drawn from three groups within the community, in fact the same three groups involved in the placement function, employers, employees and officials of the CMC.

If the Canada Manpower Centre were to have an advisory board, the local advisory board would be able to inform Ottawa, the head office, what kind of jobs were needed in the community, and what funds were needed in order to fill those jobs for the local unemployed at certain times of the year, or for those who are chronically unemployed as well. (17:11)

There are no such committees advising large urban CMCs at the present time, although the Local Agricultural Manpower Boards have a similar

function in relation to the Farm Labour Pools organized by CMCs to serve rural employers. Similar committees were tried in the 1960's by the old National Employment Service but were abandoned after the formation of the Division and the establishment of Canada Manpower Centres in their present form in 1966. Provision was retained for the establishment of local committees however within the Canada Manpower and Immigration Council Act 1967-68.

The Division has the authority to develop consultative committees to open up channels of communication between officials and those who use the services of the Manpower Division. However the Committee does not support Mr. Caccia's specific proposal for a board of directors with a mandate to propose administrative as well as policy changes.

It is the Committee's opinion that community views can be adequately solicited through existing advisory committees and that the Division has provided for their wider application if this should become desirable as a result of the present emphasis on the use of the CMC as a community resource.

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CHAPTER 5

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## THE JOB SEEKER AND THE CMC

Potentially the entire work force in Canada, just over 10 million persons, could at some time become clients of a Canada Manpower Centre. Mr. Manion told the Committee that of the registered clients in CMCs at any given time:

75 per cent of them are active members of the labour force without employment; about another 5 per cent are active members of the labour force with employment and looking for a change in jobs; and about another 20 per cent are 'labour force unknown'... largely new entrants, or people who have been out of the labour force for some time seeking to return. . . (4:17)

The service suffers a good deal from its image as a source of unskilled, low-paying jobs whether this is entirely true or not. Possibly because of its earlier association as the National Employment Service under the Unemployment Insurance Commission, this impression persists. Executive and professional placement particularly remains largely the business of private placement agencies or professional associations.

The occupational characteristics of vacancies open to those registered at CMCs in 1974 are listed in the proceedings. (6:55) The two largest groups in a sample survey were clerical, (28.6 per cent) and services (17.5 per cent). Overall the average weekly wage offered for job vacancies at CMCs was 26 per cent below the average industrial wage in Canada. Statistics collected by the Division show the distribution of weekly wages for CMC clients placed and on job orders to be very close to the minimum wage. (6:92)

While the figures lend support to the stereotype of the CMCs as a source of low paying jobs, this is only partly true. As the Division pointed out, CMCs do receive job orders that "are competitive in terms of wages and working conditions, in semi-skilled, skilled, professional and managerial occupations." (6:56) Their monthly lists of registered clients and vacancies cover a wide range of occupations.

**Are Canada Manpower Centres Employee Oriented?**

The employers who appeared as witnesses were unanimous in their view that the services of Canada Manpower are employee-oriented. But it was evident that they have not been made fully aware of the reasons for this orientation. Mr. Manion cited various reasons for giving priority to worker clients, especially unemployed worker clients—the rapid growth of the labour force, immigration and the rise in unemployment.



The Division has recently taken steps to improve its services to job seekers. In the paper circulated recently to all CMCs to focus attention on the Division's change and renewal program, counsellors are urged to demonstrate "a visible perceptible interest" in the job seeker. Continuity of service is stressed. The counsellor should exert "continued persistent efforts to help a client resolve his problems rather than the "band-aid" approach in which we 'BF' our clients like our files".<sup>1</sup> A complete service of assistance in job search is projected in this paper. For the hard-core unemployed it proposes an aggressive marketing of the client backed up by the various specialized programs. "If job barriers exist they must be attacked by information, persuasion or any other legal means at the disposal of the CMC."<sup>2</sup> Service standards of CMCs are set out in this paper including the services the worker has a right to expect. These include:

- information about jobs, training and other manpower programs openly displayed and readily accessible in the CMC with an absolute minimum of paper or procedural barriers;
- advice and referral to jobs for which he is qualified and if he lacks skills, or his skills are obsolete he will be given realistic advice.<sup>3</sup>

A description of the kind of service the job seeker should receive has therefore been laid down for the guidance of CMC counsellors. If they follow it evidence of the concern of the CMC for the job seeker should increase confidence in the CMC as a placement agency. The Committee was interested in determining if other factors might inhibit job seekers from making more use of Canada Manpower Centres. The Job Information Centre was developed to provide a facility for casual search by those already employed but contemplating a change, as well as a source of direct placement of active job seekers. The full use of this facility for casual job searching is restricted to some extent by both the location of CMCs and their hours of opening. In spite of the fact that each CMC has the authority to determine hours of operation best suited to their location few are open beyond normal business hours.

**Canada Manpower Centres should be open at certain times outside the usual hours of business so that job seekers who are employed have access to the extensive labour market information available in the Job Information Centres.**

### **Priority in Referral**

Job seekers are contacted when suitable job opportunities arise, chiefly by telephone. Those already registered have a priority before jobs are placed on the Job Information Centre boards. However it is no longer a rule that the longest registered client is called first. The counsellor's responsibility is

<sup>1</sup> *The CMC in the Community*. Page 10.

<sup>2</sup> *Ibid*, page 11

<sup>3</sup> *Ibid*, page 14

primarily "to select people who meet the job requirements specified by the employer." But for many routine jobs there may be over a hundred people registered who could meet the requirements. Who then is given the first referral? "We will then try to pick people whose needs are greatest; maybe they have been unemployed the longest, or they have substantial family responsibilities, or they have been the victims of neglect or discrimination . . . Things being equal the person who is a veteran gets priority in referral." (6:17)

### **Counsellor Contact**

The amount of attention a counsellor can give to the needs of individual job seekers varies greatly. Many instances were reported where the initial contact upon registration was followed by weeks of apparent indifference. The time factor in the placement procedure depends to a large extent upon the diligence of the CMC counsellor. Close contact is hard to maintain when the caseload of one counsellor may be as high as 800 client registrations, but it is very disheartening if a client is registered for a length of time without any indication that he is being considered for possible referral. Letters received by the Committee suggested that many have experienced this frustration. The following is representative:

I applied to the . . . office of manpower five months ago, in search of employment assistance...In the ensuing five months I received absolutely no communication regarding any possibilities for or against job placement. I inquired twice during that time and was assured that I would be notified in a matter of days and to do nothing in the interim. . . As time has past, I assume that I lack the necessary abilities for every vacant position available during that time period . . . I do feel some mention should be made of the absence of communication.

Officials were questioned about procedures followed in CMCs to keep in touch with registered job seekers. Previously the Division retained registrations on the active file for thirty days. In theory if a placement had not been made by that time the CMC wrote the client to find out if he was still without employment. This routine has recently been altered. CMCs are now attempting to establish the principle that it is the direct responsibility of the job seeker to review the opportunities listed in the Job Information Centre and to keep in touch with the counsellor assigned to him. After thirty days, unless specifically validated, the client's file will automatically be withdrawn. The Division gave an assurance that files of certain categories of job seekers would not under any circumstances be withdrawn. These include welfare recipients, unemployment insurance recipients, people referred from other agencies including recent prison inmates or recent inmates of mental institutions.

This procedure requires that job seekers must be warned when they first register that it is their responsibility to keep their registration active.

It was apparent from other letters that job seekers expected that job opportunities outside their own area would be offered to them. The public is aware that Canada Manpower is a national employment service whose offices

are linked by a telex system. Those who wrote to the Committee found it difficult to believe there were no job openings anywhere in Canada for people with their qualifications. Out of town vacancies are supposed to be listed in all CMCs, but this is not always done. The extension of the use of computerized listings by CMCs would go some way to meet this deficiency.

Other correspondents suggested that records of referrals and placements are not always accurately kept. Job seekers are sometimes sent to interviews only to find that the job has already been filled. A variation of this complaint came from employers who felt that the nature of the job is often not well enough understood by the counsellor. One employer told the Committee:

They do not describe the job to the employee, so the prospective employee lands on the employer's doorstep and says, "what is the job?" and sometimes he is quite surprised to find out what the job is. (19:18)

The blame of course does not always lie with the CMC. Job seekers may assume the initial registration is all that is required of them. Employers may be dilatory in reporting the acceptance of a referral. The nature of these complaints about the service being provided by Canada Manpower to their clients is recognized by the Division.

**CMCs must warn job seekers that unless validated their initial registration will lapse after 30 days and that it is the job seekers' responsibility to keep their registration active.**

### **A Facility for Complaint**

In dealing with over four million registrations a year, standards of service—however well intended—will not always be observed. It would assist the Division to minimize the effect of assumed neglect if the client was offered a facility for complaint. The Division has had considerable success with the box number technique to encourage its own employees to make comments or suggestions about their work. It is called Box 321. The suggestions sent to it go to an office of the Division in Ottawa. A similar facility could surely also be offered to job seekers through well placed notices in the CMC and in the literature about Manpower programs given to clients when they register.

This facility should be organized regionally or preferably nationally but not locally. It would afford an avenue for communication about how manpower services are seen by those most directly affected. Such an opportunity for direct communication with the regional or headquarters authorities of the Division would be welcomed. The advertisements inviting the public to write to the Committee about their experiences with Canada Manpower appeared only once in seven papers in five cities across the country. The substantial number of replies from persons with genuine grievances far outweighed those from malcontents. A standing invitation proclaimed in the Canada Manpower Centres would undoubtedly elicit a far greater response.



Those who use Canada Manpower Centres should be offered a facility which would encourage comments on the service. This could be a postal box number at the regional or national headquarters of the Division. This facility should be evaluated and the evaluation made public after a reasonable trial period.

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CHAPTER 6

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## SUBSIDIARY PLACEMENT PROGRAMS FOR JOB SEEKERS

Unemployed people are not readily or easily matched to available jobs. They may have the wrong skills; they may be in the wrong place and unable for family or financial reasons to move to available jobs. . .<sup>1</sup>

Up to this point the job seekers' view of placement has been discussed in general terms. But the Division does not view job seekers in general terms. Programs are planned to meet widely varying needs for assistance divided by the Division into three levels. First are those who are job-ready and can normally be found a job through the Job Information Centre. A second level of service is provided for the client who is, to quote from an advertisement placed by the Department, "not quite ready for work. He needs some counselling assistance, testing or possibly a training course. . . The third level is for clients with hard-core difficulties. These may be physical, social or cultural. These people will require special counselling and possible assistance from an outside agency."<sup>2</sup>

The number of specialized services created to assist job seekers on these three levels of need have burgeoned. The newspaper advertisement placed by the Division in connection with the installation of the Job Information Centres in Toronto stated that the JICs were "Only one of many services offered by Canada Manpower. Altogether there are about fifty programs and services all of which are available in Metro."<sup>3</sup>

This large number of identified special activities are a consequence of the zealous effort of the Division to cut and divide its area of responsibility across every possible angle in an attempt to provide access to Manpower services to all Canadians. Under the Special Programs Directorate of the Manpower Client Services Branch there are special approaches, programs and services specifically directed toward the placement of such identifiable categories of job seekers as youth, women, native peoples, immigrants, students, farmworkers and public servants. Counsellors view all of these specialized approaches as placement tools related to the levels of preparation for placement already described. Some with wider application were examined by the Committee.

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<sup>1</sup> *Working Paper on Social Security in Canada*, page 7.

<sup>2</sup> *Globe and Mail*, Toronto, February 21, 1975.

<sup>3</sup> *Ibid*

### **Creative Job Search Technique**

On the job-ready level the Division offers job seekers through the Job Information Centre an opportunity to take a short course of lectures under the title of Creative Job Search Technique. Instruction is given on the preparation of résumés of previous experience and qualifications and on how to handle an interview with an employer. This program of lectures has been developed to help the job seeker who has skills but lacks confidence and know-how. It is being offered by CMCs at several locations. The Creative Job Search Technique provides practical assistance to the job seeker. The acceptance and apparent success of this program is encouraging and the Committee endorses it fully.

### **Canada Manpower Mobility Program**

A more formalized assistance program for the job-ready is the Canada Manpower Mobility Program. It was described to the Committee by the Division as "one of the most effective placement tools available to counsellors." It has been developed to help solve the "locational mismatch problem" referred to by the Minister in his example that in 1973 almost 40 per cent of all Canadian job vacancies occurred in Ontario but that province had only 27 per cent of all those in Canada who were without employment. According to the Division this program provides "a highly flexible remedy to problems caused by regional labour shortages" (6:36) The program provides grants covering actual travel and removal costs together with assistance in the purchase of housing in order to help workers take advantage of employment opportunities outside their own locality. Travel allowances are also provided under mobility regulations to persons referred to training by the Division. The cost of this program is an addition to the overall cost of placement. In 1973-74 it totalled \$11,027,719,<sup>4</sup> 1.68 per cent of the total expenditures of the Division. Administration of the program absorbed 2.34 per cent of the Division's total man-year utilization. (5:30) Statistical tables breaking down costs and numbers of grants by classification (exploratory, relocation, special travel, trainee travel and commuting allowance) for each province are given in the Proceedings. (5:28/29)

The principal qualification for a mobility grant is that a worker must be going to a job which could not be filled by workers registered in the area where the job is located. He must be unemployed, about to be unemployed or unable to use his skills or training in a full-time job in his own locality. The Division's evaluation for 1973-74 showed that 85 per cent of all those who moved with the assistance of a grant under this program remained in their own province; 44 per cent of all grants were authorized in the Quebec region. Mr. Manion confirmed that this was a deliberate policy. "We try to move people the shortest possible distance." (5:19) Analysis of the jobs to which grant recipients moved showed that positions in manufacturing and mining predominated. Representatives of the mining industry confirmed that they benefited from this program. One of them told the Committee that about fifty per cent of those

<sup>4</sup> During 1974-75, \$11,397,967. was spent on this program. *Annual Report*, 1974-75, page 9.



who were hired from outside the location of the mine came to his company with the assistance of a mobility grant. (25:17)

The earnings received by recipients after one year in the new location were analysed. It was found that they were being paid consistently higher wages after moving. A cost-benefit analysis of their earnings projected that the ratio of benefits to costs was 12:1, that is for every \$1 spent on mobility grants the economy would eventually receive a return of \$12. It was estimated that the average grant made in 1974-75 was \$667.

Averaging out the personal characteristics of recipients of grants is deceptive. On this basis the evaluation report describes them as male, married and over 25 years of age. In fact there are marked variations across the country. While overall 92.1 per cent were male, east of Ontario they were more apt to be single and under 25 than in western Canada where grants were more often given to married men over 25 years. The Minister stated that 41 per cent of the grants made under the Mobility Program were expended on people whose incomes were below the poverty line. (26:26)

The Mobility Program is a legitimate means of counteracting regional disparities in job opportunities. There is a great deal of natural mobility in the Canadian labour force and inevitably some grants will go to individuals who would have moved anyway. The risk that a percentage of those who move will not stay in the new job does not appear to be intolerable. The purpose of the program is more effectively achieved by giving assistance in the form of a grant instead of a loan. Officials confirmed that there have been few abuses of the grant system. This is initially ensured by careful counselling in the selection of recipients.

It would appear however, that the Mobility Program has been underutilized. There is a familiar recurring news story which usually has a headline indicating that so many immigrants have been given work visas despite the high level of unemployment. Many of these stories arise from construction projects. Such a news item about the recruitment of immigrants to fill job openings on a construction site in Glace Bay, Nova Scotia for example was raised in the hearings. Typically this case dealt with skilled tradesmen needed for a peak period.

There is a clear role for the Mobility Grants Program in this kind of situation. Dr. Meltz expressed a valid view on this point:

It is my personal impression that it is easier to recruit through immigration than through mobility. It is easier to bring someone in from outside the country than it is to mount a campaign and bring someone from the other side of the country. (14:18)

The rule regarding the recruitment of immigrants is that visas will only be given if no Canadian citizen or landed immigrant can fill the position. The mobility grants open up the search area for employees who are already available in Canada. The number of instances where immigration has been sought as the solution to shortages of labour suggests that employers are not fully informed about this program.

Officials maintained that out-of-town job vacancies are supposed to be listed in all CMCs. But some Committee members, staff and some witnesses observed during personal visits to CMCs that out-of-town listings are *not* always listed nor are they offered routinely to job seekers by counsellors. The possibility of qualifying for a mobility grant to facilitate a search for employment or to take up a job in another community is not well enough known. This is particularly unfortunate in areas of high unemployment.

Mr. Manion agreed that the Mobility Program was not fully promoted; that the lack of promotion is a problem. He suggested that one reason for this underpromotion was that "some of the provinces are very sensitive about what might appear to be an effort by the federal government to depopulate them by urging people to go and live elsewhere". (6:18) Both Dr. Meltz (14:19) and Dr. Dupré (16:18) agreed that provincial sensitivities could be an inhibiting factor in the full utilization of mobility assistance.

Since the Committee hearings on this program there have been some changes in it. Of particular interest is the extension of the special travel grants to workers living in isolated areas to permit them to visit their nearest CMC. Some allowances have been altered in line with the reductions in government spending under the anti-inflation measures. The home purchase allowance has been eliminated and the re-establishment allowance reduced. These changes do not significantly alter the essential nature of the program or reduce its potential effectiveness as a "labour market adjustment tool, capable of responding. . . to labour market imbalances." (6:72)

**The Mobility Grants Program is an effective tool for achieving necessary adjustments in the labour market. The Committee supports the recent extensions of the program and recommends that it be publicized more fully to job seekers and employers alike.**

### **Programs for Job Seekers Needing Special Assistance**

The Division has mounted an extensive interacting array of programs directed toward placement, training and job creation for those job seekers who are 'very difficult to place' as well as for the 'hard-core unemployed.' Counselling interviews have steadily increased. The demand for counselling evidently accounts for some of the increase in staff in recent years. In this connection Mr. Manion observed "We have put in place a couple of hundred counsellors who are specially trained and whose sole job is to look after the more disadvantaged people, the poor people." (5:25)

Within the CMC basic services of counselling and testing of aptitude and skills are available on an individual basis. A limited diagnostic service has recently been made available using private practitioners on a contract basis. Cooperation between counsellors and local welfare officials has been increased. A paper on assistance to welfare clients prepared by the Division for the Committee indicates the thrust of this cooperation. "At present 119 CMCs are supplying local welfare offices with listings of all job vacancies. In addition 92

CMCs are supplying welfare offices with manually prepared representative vacancy lists. Thirty CMCs supply these lists on a daily basis, 160 on a weekly basis, 14 on a monthly basis and 7 CMCs supply them as required." Continued expansion of this activity is anticipated by the Division. At least one province, Ontario, has proposed legislation which would require prospective welfare recipients to be registered with a CMC before becoming eligible for support. Other provinces have similar proposals under consideration.

### **Special Job Finding and Placement Drive**

The Special Job Finding and Placement Drive is carried out directly within the CMC by counsellors with specialized qualifications who work in cooperation with the Unemployment Insurance Commission as well as with local welfare agencies. It was first tried as a technique in 44 centres in seven metropolitan areas. Following assessment it is being extended in two phases to all CMCs. By April 1, 1975 it was hoped that 84 centres would have this program in operation. By April, 1976 it was to be extended to the rest of the CMC network.

This program is directed toward U.I. claimants, employable welfare recipients and selected CMC clients "who seem to require special assistance." (6:33) That is to say, it is directed toward those who are thought of as "very difficult to place." It requires the cooperation of the selected participants in an intensive marketing campaign to find suitable employment. The campaign is worked out for each participant individually by the counsellor. In the nine month initial period of this program, 344,959 persons were asked to participate. A total of 216,926 responded. Of these 30,248 were placed by the CMC, that is about 9 per cent of those originally invited to participate. Others found jobs on their own; training was provided for 5,431 and mobility grants were given to 233. The Division estimated that for the full fiscal year 1974-75 there would be a saving of upwards of \$40 million to the UIC fund as a direct result of the employment secured through this program. In cost-benefit evaluation terms this represented approximately \$5-7 return for each dollar spent (6:35)

Mr. Manion told the Committee that the Division was sufficiently encouraged by these results to plan the extension of the Special Job Finding Drive to all CMCs. There is a basic limitation arising from the voluntary aspect of participation. In the beginning participants had in many cases been on Unemployment Insurance or welfare for some time. "There is a resistance when people have been receiving income transfers for that length of time to losing it. They lose not only the income, but the security attached to it..." (6:19) A greater number are expected to take part in this program now that it is more closely tied in with the UIC. Participants will be encouraged to take advantage of this direct counselling service as soon as they apply for benefits.

It is hoped that this will increase the success rate of this program which in the beginning appears to the Committee to have commanded an unequal disposition of counsellors' talents and the Division's funds.



**The Division should maintain a continuous evaluation of the Special Job Finding and Placement Drive in order to ensure that the results obtained continue to justify the significant amount of available counselling resources required to place those selected for participation.**

### **Outreach**

At yet another stage of assistance the Division supports an extensive group of individual projects loosely grouped together as the Outreach Program. Through Outreach the Division seeks to extend its services into areas where they would not otherwise be provided to assist those who if left unassisted "would constitute an economic and social waste." (6:43)

Outreach is organized in two ways: the provision of CMC personnel and resources to projects designated 'Internal Outreach' and the provision of financial support by way of grants to projects sponsored by community organizations, 'External Outreach'. For 1974-75 there were in all 125 projects manned by 516 staff workers in the combined Outreach program. The total cost of all contracts was \$4,912,000.

CMC counsellors are involved in 'internal' Outreach projects, a few are seconded to 'external' Outreach but most Outreach project workers are not regular counsellors. They are hired specifically for the project. Many of them have had direct experience of the conditions experienced by those they are assisting to find employment. Outreach project counsellors include former welfare recipients, ex-convicts, paraplegics, Indians and Métis. The target groups of these projects are identified by the Division to be: women, unemployed, urban poor, welfare recipients, native peoples, the handicapped, youth, inmates and ex-inmates, and persons living in isolated communities. (6:78) In sum "the program uses the competencies of external groups and agencies to deliver services and to maintain close contact and identification with the various client groups." (26:26)

In 1974-75 Outreach projects recorded 25,200 regular placements and 24,418 casual placements.<sup>5</sup> The Department published an evaluation of Outreach in January 1975. It showed that 79 per cent of the clients of agencies receiving grants under the program were unemployed at the time of contact with the agency. Seven per cent were not in the labour force at all. (26:26)

The Committee received direct representation from two of the organizations assisted by Outreach grants, Le Coin du Travailleur, Ottawa, and Fairshare Incorporated, Montreal. They confirmed that clients of these agencies do not make use of services offered by Canada Manpower Centres. Le Coin du Travailleur found in their first year of operation that only 25 per cent of their unemployed clientele had been registered with the central Canada Manpower Centre in Ottawa although it was located less than two miles from Lower Town where the agency has its quarters. The reasons for the reluctance

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<sup>5</sup> *Annual Report, 1974-75*, page 11.

of these people to go to the CMC was suggested in the brief this organization submitted to the Committee:

They are bewildered by the depersonalization they face, the red tape they are subjected to and the impersonality and the apparent lack of concern of the manpower counsellor they meet.

The representatives of Fairshare Inc. confirmed that their clients have similar attitudes about Canada Manpower Centres in Montreal. (15:12) Some others reached through this program have physical handicaps which restrict their opportunities for employment. They do not lack motivation, but require sympathetic assistance to find a job.

Mr. Manion explained that it is not possible for organizations to apply directly for an Outreach grant as such. It is given after a "process of negotiation, consultation and development" between the agency and the Division. (6:22) Grants are made through an annual contract with a general understanding that, subject to satisfactory evaluation and monitoring, they may be renewed for a maximum of three years. "At the end of that time they will either be phased out, or we will have to consider ways of incorporating them into our ongoing service." (11:25)

Many Outreach projects have been set up as agencies solely to respond to the Outreach concept. They are totally financed by the Manpower Division. Some have a direct line of development from other forms of assistance available in the Division. The Community Action Group in Hamilton is an example. It had its beginnings with an OFY grant in 1972. In January 1973 with the assistance of a LIP grant it expanded into a job-finding service for welfare recipients. In August 1973 it received the first of three yearly Outreach grants. Still other Outreach projects are an outgrowth of established community activities.

The Division takes pride in the fact that in Outreach it pioneered and developed the concept of using "individuals in the community who are independent of government to do things that could be better done by them than simply an extension of the bureaucracy." (26:23) Outreach is viewed by the Division as a continuing activity. In its submission the Division described it as "one of our most exciting and promising programs" but noted that it would "require additional resources to fulfill its potential." (6:72)

Outreach as a program will require continued intensive evaluation to establish unequivocally that the funds provided by these grants are entirely devoted to the fulfillment of the duties assigned by Parliament in the Department of Manpower and Immigration Act. Section 4 states that these duties include:

- a) the development and utilization of manpower resources and
- b) employment services.

There will always be a problem of control when a program like Outreach is given over to external groups or agencies in the community.

The first groups to receive Outreach grants and meet the conditions for renewal are just coming to the end of their authorized three years. These projects are facing the termination of financial support which many job creation projects have already faced. Like many LIP projects, agencies receiving the three year Outreach grants have apparently not made provision for alternative support when federal funds run out. Few are likely to become self-supporting. While many of the recipient agencies will qualify without difficulty for continued support, there are agencies now receiving Outreach grants which provide rehabilitation counselling for personal social problems and even temporary shelter, types of broad support measures usually provided by other community social services. This is a questionable interpretation of responsibility for the 'development of manpower resources'.

Many of the circumstances which inhibit the clients of urban Outreach projects from using Canada Manpower Centres could be met to a large extent if the Committee's recommendation that smaller branch office CMCs be established in communities were adopted. Other target groups of unemployed included in the Outreach program will eventually become targets of the Community Employment Strategy. This will give Canada Manpower the role of co-ordinator of a multi-level governmental attack on the problems of the unemployed. Many Outreach projects will presumably become part of a wider community responsibility. However until the Community Employment Strategy is in place, Outreach projects will need close supervision.

**The Outreach Program is doing a job that cannot now be done as well by Canada Manpower Centres. The focus should be limited to overcoming the severe employment problems of the hard-core unemployed and the Outreach Program must be continuously evaluated to ensure that funds provided are in fact used only for this purpose.**

#### **Concluding Comment**

Outreach has demonstrated an alternative innovative means of delivering services to groups with special needs. The starting point of an Outreach project is, in Mr. Manion's words, "some identified gap in the provision of manpower services to Canadian workers." (6:22) Outreach is one of several special approaches to the problems of the disadvantaged established for this reason by the Division. This explanation caused the Committee some concern. It is of course desirable that every gap in the provision of manpower services be filled. However there is a limit to the amount of unemployment amongst the disadvantaged that can be eliminated. Lack of employment is not the only difficulty faced by them, but it is the difficulty which the Manpower Division can do something about. It can do this best by making its existing services function as efficiently as possible. It can offer the disadvantaged direct employment counselling, mobility grants and training to improve skills. It can do all these things and do them better without extending the range of its special programs. Ample capacity exists to fill many of the needs of disadvantaged job seekers by the adaptation of existing basic services. The recent extension of the mobility grants to bring job seekers in isolated areas to the services of CMCs



shows such an adaptation. The development of small, itinerant satellite CMCs to take services into isolated areas is another. There are other extensions of existing services underway which will reach the disadvantaged. These include the direct exchanges being developed between CMC counsellors, welfare agencies and UIC offices. The co-ordinated approach of the Task Force on Manpower Services to Native Peoples is another example. The very basis of the participation by the Division in the Community Employment Strategy is to co-ordinate existing Manpower services with other community services, not to create new programs.

Beyond the adaptation of its own services, the Division through improved contact with employers and employer associations could also do more to encourage private industry to play a wider role in opening employment to those who are difficult to place because they are physically or mentally handicapped. The Canadian Chamber of Commerce has taken an initiative in this direction recently. The Division could build on this. In representing the needs of all job seekers to employers CMC counsellors have an unlimited opportunity to obtain the cooperation of the business community in placing those job seekers with special problems. These opportunities must be more fully exploited.

**The Division must recognize that there is a limit to the amount of hard-core unemployment that can be reduced. Lack of employment is not the only difficulty faced by the unemployed disadvantaged job seeker but it is the difficulty Canada Manpower can do something about through more efficient promotion and operation of existing services for counselling, training and placement.**

**The Committee believes that many employers would accept the challenge of opening new avenues of employment to the physically and mentally handicapped if encouraged by Canada Manpower to do so. Improved counsellor contact with employers should provide increased opportunities to tell employers about this important community responsibility.**

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CHAPTER 7

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## THE EMPLOYER AND THE CMC

I think the basic point is that before you can perform an effective service for workers in the labour market, you have to satisfy the needs of employers. The two things are intimately interrelated. You simply will not have a range of job orders unless you meet the needs of employers as well as the needs of workers. The two are functionally interdependent. (Dr. W. Dymond 20:18)

How well Canada Manpower Centres meet the needs of employers was a matter of deep concern to the Committee because of its conviction that employers must be encouraged to assist CMCs in the fulfillment of their primary responsibility to the job seeker. Four meetings of the Committee focussed directly on employers' opinions. A series of questions was sent to employers across Canada about their experiences in using the services of the Manpower Division. The response was both generous and helpful. It was apparent that they welcomed the opportunity to assist the Committee.

Fundamental to the discussion of the impression employers hold of CMCs is the recognition that there is an inherent contradiction between the Division's overriding responsibility to try to place in employment every job seeker who registers—who may lack skills or training or experience, who may be unemployed—and, as the Minister said, the “understandable primary objective of the employer to get the most attractive, most effective, most trained person” to fill the job he has to offer. The Committee agreed with the Minister that there has to be some understanding that this contradiction exists, that ways must be found to “remove as much of the friction as possible.” (26:13) Canada Manpower Centres are in business to accommodate as far as possible both sides in the job matching process. The needs of the two sides are as Dr. Dymond expressed it “functionally interdependent.” But employers' requirements often conflict with the Division's responsibility to the job seeker which means that the Division must continually strive to minimize the friction resulting from this situation. Mr. Manion described the Division's difficulties in this regard.

We cannot, as an employment agency, force people into these jobs. We can try to persuade them and try to persuade the employer to improve the quality of the job offered. But we must constantly trade off between these two groups of clients and between these two objectives. (5:11)

Most employers are not aware of this contradiction. It was apparent that their expectations of service from Canada Manpower Centres frequently disregarded the Division's responsibility to their worker clients. The Minister was hopeful that the contradiction between the parties in the job matching process could be overcome “by more understanding on both sides.” (26:13)

### **Specific Complaints of Employers**

The Committee asked employers a series of questions to find out what services they expected from Canada Manpower Centres and how well their expectations had been met. Generally the responses contained more negative comments than words of praise. Many employers received the enquiry through a trade association which makes it difficult to be precise about numbers, but it would be fair to say that in one way or another the Committee received the views of well over two thousand employers across Canada. While their descriptive replies did not provide material for a statistical tabulation, the comments tended to concentrate on the screening process in the CMC and the calibre of referrals from that source.

The first question put to employers was "To what extent do you register job vacancies with the CMC?" Their replies indicate that employers see the CMC chiefly as a source of unskilled labour. Very few regard it as a place to recruit highly skilled, managerial or professional employees. Most employers list only some of their openings with CMCs and these jobs are most likely to be for unskilled labour, for factory help or to some extent for clerical jobs.

### **Quality of Referrals**

The second question asked employers whether they hesitated to register job vacancies with CMCs and if so why. Employers listed numerous reasons for hesitancy, suggesting considerable resistance. One of the most frequently stated reasons was dissatisfaction with the calibre of the applicants referred by the CMC to the employer. When an employer has been repeatedly sent unsuitable applicants without any explanation he stops listing vacancies with the CMC. One association summarized the views expressed by its members.

Most stated that they felt the calibre and record of job stability of applicants through Canada Manpower Centres was low...Many felt that those individuals registering with Manpower are generally those who drift from job to job and those whose work attitudes are generally poor. It was stated that good applicants bypass Canada Manpower. (Bakery Council of Canada)

A great many respondents complained that applicants from Manpower frequently came on referral solely to qualify for UIC benefits or welfare payments and that they had an indifferent attitude toward work. One employer told the Committee:

The situation I have in mind, is that of a man who came in, and who asked, before he filled out the application, "Is there any danger of getting a job here?" This is an attitude one does find. (22:21)

### **Lack of Screening**

Directly related to the complaints that the quality of the candidates discourages employers from registering vacancies with CMCs is the criticism that CMCs do not adequately screen applicants to establish that they have the specified qualifications. "We have to interview all those sent by Canada Manpower despite the fact that many are obviously not suitable," objected a



member of Canadian Paper Box Manufacturing Association. Poor preliminary screening by the CMC wastes the employer's time and money. Lack of screening was the outstanding complaint registered by employers. It was mentioned over and over in letters and before the Committee. The following comments are typical.

We have found that candidates that are referred to us, in many instances, have not been properly screened with regard to minimum age requirements, willingness to work shift work, and often do not meet the physical requirements to handle the work involved. (Rubbermaid (Canada) Ltd.)

Usually the applicants sent by Canada Manpower have the minimum qualifications for the vacancy. . . For example a request for a typist may produce a person who can operate a typewriter, but who lacks knowledge of spelling, of how to set out a business letter. (Hudson's Bay Co.)

Job specifications such as education, experience are often mixed up or not followed by Manpower staff. (19:10) (Hoffmann-LaRoche Ltd.)

The most frequent comment (from members) related to the slowness of service and the lack of attention to selecting according to requirements (Montreal Board of Trade)

The amount of screening is again largely a function of the individual centre and the larger ones seem to do less than the smaller ones. As a result we do receive referrals from some CMCs who are in no way trained to do the jobs listed (Canadian Pulp and Paper Association)

Further examples of comments from employers may be found in the Proceedings where replies from members selected by the Vancouver Board of Trade and the Montreal Board of Trade are printed (23:27)

### Alternative Placement Methods

Generally speaking respondents felt that CMCs were much less effective than other sources in producing candidates for job vacancies.<sup>1</sup> Of the alternative methods of filling job vacancies, newspaper advertisements were regarded to be the most effective. Employers attributed this to the fact that an advertisement is quick, simple and reaches a wide number of people. One association put it this way.

Many employers use newspaper ads to fill vacancies because they are taking "instant action" and there is a good possibility that the advertised position will be filled much sooner than registering with Manpower. (Canadian Restaurant Association)

Private placement agencies were also regarded as a highly effective method of recruitment, particularly for skilled jobs. The complaint about the lack of screening by CMCs was frequently emphasized by comparison with the superior screening done by private placement agencies whose services are

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<sup>1</sup> The *Proceedings* for June 11, 1975 (# 25) contain the presentation made to the Committee by the Canadian Construction Association on behalf of its members. It was explained that construction employers make very limited use of Canada Manpower Centres because they are required to fill vacancies for building trade skills through union operated hiring halls. The Committee did not consider this aspect of placement.

purchased by the employer. Vacancies are frequently filled also by direct personal application, often as a result of contact with employees already on staff.

### **Effectiveness of CMC Services**

The answers to the question, "How well does the CMC serve you in filling job vacancies?" were not altogether spontaneous. The sub-sections of the question provided the key words, "fast, efficient, courteous service", "a competent manner." Responses tended to assess the effectiveness of CMC services using those terms. Most employers felt that CMCs provided courteous service. There was a difference of opinion about whether CMCs provided fast service. A significant portion were satisfied that orders did receive attention within a reasonable time. Opinion was also divided in the responses about efficiency. More felt the service to be inefficiently and incompetently handled but again there were those who were satisfied. It was apparent that employers regarded CMCs to be more competent in making referrals for unskilled or clerical positions. Three major retail chain stores wrote that CMCs were efficient in launching major recruiting drives when new stores were being opened.

### **Suggested Improvements**

Finally employers were asked "What improvements to these services provided by Canada Manpower Centres would you suggest?" Employers had many proposals. Better pre-screening of applicants was by far the most widely expressed suggestion. Other ideas variously expressed can be summarized as:

- more visiting by CMC staff of employers and job sites.
- assignment of a single CMC official to be the contact with the employer.
- selection of counsellors with previous work experience related to the occupations to which they make referrals.
- a more effective public relations campaign about services available to employers.
- increased liaison, or even integration with the Unemployment Insurance Commission.

The last suggestion was most often made by employers who attributed their difficulty in filling vacancies to the availability of support through unemployment insurance and welfare. On the other hand the Montreal Board of Trade specifically rejected liaison of CMCs with the UIC on grounds that such an association would affect the CMCs image as an employment agency.

### **Discussion of Employers' Specific Comments**

This lengthy catalogue of comments from employers was studied by the Committee with great interest. Three subjects particularly dominated the discussions with the employers who appeared as witnesses. These were the issues of screening and the quality of referrals, employer visits and counsellor contact.

## Screening

The amount of screening expected by an employer differs widely from the amount thought to be necessary by officials. When an employer places a job order he is asked to state how many referrals he wishes to see. Mr. Manion described the procedure for the Committee:

He may have one job and he wants five people referred. In that case we will refer five people. In selecting those five from our lists of clients the first priority is to select the people who meet the job requirements specified by the employer; in other words we will refer qualified people to him. If we do not have enough qualified people we will refer under-qualified people, with the suggestion that perhaps they be trained, or we will try to persuade the employer to take under-qualified people. (6:17)

Employers acknowledged that under-qualified persons are certainly referred to them, but the reasons for doing so are not often explained in advance. Employers' complaints seem to arise because the employer expects referrals will be selected to meet all the requirements of the job as listed with the CMC. The employer is therefore critical when referrals patently have not been fully screened. He expects the CMC to treat his order with the same regard for his requirements that a private placement agency might apply. In effect Canada Manpower Centres are often expected to be an extension of the employer's personnel department. Dr. Meltz questioned this.

The problem is that when you get these massive droves of people... job searching, is it possible for Canada Manpower or an agency to do the work that would be done in a personnel department doing that screening?...Basically I am not sure whether a public agency can act as an extension of the personnel office. (14:9)

The responsibility of the CMC to assist the job seeker restricts in some degree the selectivity it can apply in making referrals. At the same time screening must be sufficiently thorough that employers are not discouraged from placing job orders.

The failure of referrals to meet the requirements of listed vacancies may arise because of incomplete descriptions of requirements when the job order is placed. When this point was raised with them most employers felt that they did provide adequate job descriptions, but they acknowledged that they counted on the familiarity of the counsellor with their industry to make up for the deficiencies in the actual order. The Division on the other hand told the Committee that a lot of employers probably add to their problems by making their qualifications for the job "so restrictive that they deny jobs to people who could in fact perform work satisfactorily." The Minister explained this view:

Personnel officers, to reduce the number of candidates they must see, impose screens of education, age, experience, height, weight, bonding and all sorts of barriers. (4:10)

Counsellors frequently attempt to alter unrealistic qualifications stipulated by employers when these are likely to prevent the CMC from making a qualified referral.

The complaints of employers about the lack of screening of referrals to them from Canada Manpower Centres would be reduced if counsellors con-



scientiously followed the principle established in the Department's paper *The CMC in the Community* of October 1974:

The employer has a right to expect from the CMC that where we cannot fill an order satisfactorily an officer of the CMC will call or visit the employer to explain and explore the alternatives such as immigration, training, improving wages, working conditions and the image of the industry, etc. (page 14)

The Committee approves this principle, but would go further. In the final analysis, CMCs must act in their own interest and in that of their worker clients so as to gain and retain the confidence of employers. Where under-qualified referrals are made the employer should be told of the situation and asked to agree to the interview. As the Committee has already suggested, continued contact with a knowledgeable counsellor should make up for the inadequacies of written job descriptions.

**The responsibility of the CMC to assist the job seeker restricts in some degree the selectivity it can apply in making referrals. At the same time screening must be sufficiently thorough that employers are not discouraged from placing job orders.**

**In processing job orders counsellors must admit quickly and frankly that they do not have suitable candidates when employers' requests cannot be met. Underqualified referrals should not be made by CMCs unless the employer explicitly agrees to consider them.**

### **Employer Visits**

The Committee was told that officers of Canada Manpower Centres made 215,643 visits to employers in 1973-74. This was the first year that records of visits were kept. In 1974-75, 256,335 visits were reported. Even so employers evidently feel that not enough visiting is done. They want counsellors to visit the job site to become familiar with the conditions of work which can then be explained to job seekers before referrals to vacancies are made. Employer visiting is viewed as an important part of the placement process by officials as well, but it has always been left to the local office to determine the amount of visiting that is actually done. Departmental officials appearing before the Committee agreed that this was an area "where we are not doing as good a job as we would like to do." (5:16) It is recognized that the volume and quality of visits have a direct influence on the number of vacancies listed with CMCs. Within the past year a concerted program of employer visiting has been promoted by senior management of the Division. Vigorous efforts in this direction would help to gain employer confidence and improve the performance of counsellors.

It would often be an advantage too for an employer to become familiar with the CMC he works with. The formal openings of the Job Information Centres were made the occasion by managers to invite employers to come to the CMC to see how job orders would be set out. Further invitations to employers to visit CMCs should be extended by managers and counsellors.

### Counsellor Contact

There is simply no substitute for being able to attach a face to a name. It removes the impersonality that is the biggest drawback to good communications with employers in a city the size of Toronto.<sup>2</sup>

This comment was made by a CMC counsellor in a published interview. It could equally have been made by any of the employers who came before the Committee. Employers want to establish with the counsellor in the CMC the kind of close contact they often have with private placement agencies. This is particularly important in the large urban CMCs. The Hudson's Bay Company brief put it this way:

As it is now, one has to contact a different person for each type of work one wishes to hire for. A single contact could develop over time a more complete understanding of the employer's needs and wants and could eventually ensure that the applicants referred would be exactly what is wanted. A single contact could also make the whole process of listing vacancies, etc. less impersonal and could leave the employer with an impression of individualized service. When dealing with a private agency, the agency normally tries to develop a close person-to-person relationship with the firm's employment people, in order to secure repeat business. Canada Manpower could well do the same.

A member of the Meat Packers Council of Canada who had established such a satisfactory relationship described how it had been fostered in a letter to the Committee.

It must be pointed out that we attribute our satisfaction with Canada Manpower to dealings with one individual only, at the Manpower Centre. He has evolved into an "account executive" relationship with us. We have brought him into our operation to experience our environment and to see how we work. We believe his referrals reflect his understanding of our company.

A counsellor in a private placement agency can establish an account executive relationship without difficulty. Employers' interests come first. The CMC counsellor must divide his time between employers and a large caseload of job seekers. While the employer side of the placement equation must not be neglected, the Division's first responsibility is to the job seeker and this must be explained to employers.

The Minister told the Committee that he and his officials had taken every opportunity to speak to employers and to explain the services available to them from Canada Manpower Centres. Something more is required in these contacts between the Division and employers. The cooperation of employers is essential to the CMC if it is effectively to promote the interests of job seekers. The good will of employers will be greatly increased by improved communication between them and the manpower counsellor assigned to handle the requirements they list with the CMC.

**In dealing with his group of employers the counsellor must try to convince them that they too have a responsibility to the job seeker. In this regard the counsellor should try to gain the employers' cooperation to adapt job require-**

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<sup>2</sup> *Industrial Canada*, Jan/Feb. 1973; page 22.

**ments to fit those of the job seekers' registered with the CMC, even if this means accepting an employee who is under-qualified and who will have to receive on-the-job-training.**

**Employers should be encouraged by CMCs to list better paying and more challenging job vacancies. Better jobs offered by Canada Manpower Centres will also encourage better candidates to come forward to fill them.**

### **A Word to Employers**

It is in the interest of both employers and the Canada Manpower Centres that impediments to the provision of a quality service be removed. Employers could play a stronger part in this by making direct, immediate contact with the CMC when referrals are unsuitable. The quality of the service they receive will only be improved if inadequacies are consistently reported. Employers have a right to expect that the public employment service will respond to their requests to the best of its capacity, but the demands of the unemployed job seeker restrict its ability to meet all employers' needs. The Committee agrees with the Minister that:

Employers can assist in the improvement of CMC selection by advising the CMCs of a poor quality referral and by being open and candid with CMCs and regional directors so that improvements can be made. (26:7)

There is another action employers could take to improve the service they receive. The information supplied with the job order needs to be as complete as possible. It is not enough to say "You know the kind of man we need." One counsellor made this direct request:

Sometimes employers take for granted that we know what they want. We don't always, and if our referrals are way out, is it too much to come to us and say "Look, we're not on the same wave-length, lets get together on this", instead of just writing us off as incompetent?"<sup>3</sup>

**The Committee urges employers to accept the explicit invitation of the Minister of Manpower and Immigration to contact the CMC and to insist on an explanation when they receive unsatisfactory service. Employers can assist counsellors to meet their requirements by giving complete details when the job order is placed.**

### **Post-script: The Departmental Response to Employers' Views**

The Committee has been informed that the Division has already begun in a number of ways to respond to the criticism of employers brought out in the hearings. On June 26, 1975 a meeting was organized on the initiative of the Division between representatives of the Vancouver Board of Trade and the managers of the CMCs in that city. At the Division's request, thirty-five of the companies who completed questionnaires for the Committee agreed to give their answers to officials. In other locations meetings have been held with employers who appeared before the Committee.

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<sup>3</sup> *Industrial Canada*, op. cit., page 19.



The Division has also sent the Committee a copy of "a policy statement concerning the standards of service to employers", which was sent on August 22, 1975 from the Ottawa headquarters to all CMC managers. It contains fourteen standards elaborating the first principle which is stated to be:

After determining employers' manpower needs, the Department should explicitly state to employers just what services it can provide and then deliver these services to the best of its ability. The employer visiting program will reflect this objective.<sup>4</sup>

The Committee is pleased to note that the Manpower Division has got this message.

**The Division has responded to a number of critical comments made by employers in public testimony and is taking steps to introduce some of the reforms which the Committee is recommending.**

### **Subsidiary Programs for Employers**

#### **Consultative Services for Employers**

Employer relations are the responsibility of the Manpower Employer Services Branch within the Division. "Its sole concern is to work with employers, employer associations and industry sector groups and endeavour to determine and meet their needs", Mr. Manion told the Committee. (6.10) This Branch organizes the one-day seminars and other meetings which various associations of employers mentioned with enthusiasm. The revised standards of service recently circulated in the Division support the Committee's recommendation in a later chapter that greater emphasis be given to holding employer seminars at national and local levels.

The Employer Services Branch through its Consultative Service has developed a number of ways to ameliorate the problems of job displacement created by economic, technological or organizational change. Consultative Service officers are located in the five regional offices of the Division. Their expertise in labour and industrial relations can be called upon. Agreements may be entered into with employers faced with a situation where the Adjustment Program carried out by the Consultative Service can be of assistance. Three kinds of activity are put in motion. First, research and advance planning to assess the manpower implications of impending changes; secondly, joint consultation between labour and management about the plans; and thirdly, co-ordination of private and public adjustment measures.

The effect of the three approaches was explained to the Committee.

In simple terms what we are trying to do is encourage employers, together with their employees, to try to help resolve their own problems where this can be done, and in addition to this provide our own programs to supplement those they have developed. (6:8)

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<sup>4</sup> Quoted in a letter to the Chairman, August 21, 1975.

Although officials and employers were not questioned about this small but highly professional service, it appears to be very effective. At the time of the hearings it had a staff of 45. During the past four years just over 150 agreements have been entered into each year.

This is a service that can be called upon by employers. However they may be restricted by their reluctance to make their plans for changes in operation known in advance. It has been the experience of the Division that companies hesitate to publicize changes fearing the effects on their competitors or on the stock market.<sup>5</sup> The Committee regards the Adjustment Program as a particularly useful placement activity which could be better publicized to encourage participation by employers.

### **Programs for Agriculture**

The Canadian Federation of Agriculture pointed out in its brief, "farm labour needs can be generally classified into two broad classes; year-round general farm assistance and seasonal labour required for planting and harvesting." These needs are felt by primary producers and by those who process food. The Committee invited both the Federation and the Canadian Food Processors Association to appear to discuss the group of specialized programs which the Manpower Division has developed to facilitate the operation of the agricultural labour market. The oldest of these are the Federal-Provincial Agricultural Manpower Agreements which have been in effect for nearly thirty years. The federal government assists the provinces to absorb the costs of provincially administered programs to fill farm labour requirements. Among the more recent programs the Committee was satisfied that the formation of the Local Agricultural Manpower Boards (LAMB) had been accepted by employers. This consultative committee which includes provincial and local representatives as well as manpower officials offers considerable potential for meeting farm labour needs. The Farm Labour Pool system was established first in 1974 under the direction of the LAMBs. It sets local wage rates, forecasts needs and supervises working conditions. An expanded program was planned for the summer of 1975 to function in all provinces but Newfoundland. The Federation assured the Committee that the labour pools had proved useful. The Committee commends this new approach to meet the seasonal needs of agriculture for labour, but the limited experience of the first year of operation prevented a real assessment of it.

Officials of the Division and employers were questioned in some detail about the Caribbean Seasonal Workers Program which has been in operation since 1967. In 1974 Mexican workers were also brought to Canada under similar agreements to meet peak harvest labour demands. Off-shore workers will apparently continue to be required.

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<sup>5</sup> *Industrial Canada*, op. cit., page 22.

A member of the Canadian Food Processors Association assured the Committee that "The Caribbean Program. . . has been a lifesaver as far as our industry is concerned and this program has been developed by Manpower." (22:6) It provides only a portion of the manpower needs of agriculture; 5,300 in all came to Canada in 1974 under these agreements. The main body of seasonal assistance in agriculture are housewives, students, local people who are recruited through Canada Manpower Centres. While employers had many of the same general criticisms of the screening of these Canadian workers by CMCs, they did confirm that in recruiting this kind of unskilled labour "Manpower does a pretty effective job". (22:11) The network of CMC offices saves these employers from mounting an expensive recruitment drive. The Committee concluded that the Caribbean Seasonal Workers Program and other forms of seasonal assistance to agriculture were operating satisfactorily.



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CHAPTER 8

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## THE COMPLEMENTARY ROLE OF PRIVATE PLACEMENT AGENCIES

The Committee invited representatives of two private placement agencies to assist it in the study of the Manpower Division, recognizing that their experience was germane to an understanding of the role of the public employment service. The replies to the questionnaire sent to employers made it clear that private placement agencies provide a valued service. The Committee wanted to find out why there are so many customers for the services of commercial employment agencies when a public agency exists which will provide the same services without fee. The assistance of these witnesses was helpful because very little information has been published about the operations of private placement agencies.<sup>1</sup>

Placement services on a fee-paying basis are provided to employers through a variety of agencies from management consulting firms to the large multi-office agencies specializing in some rather narrow occupation classifications. Private agencies concentrate on those occupations in which excess demand exists in the labour market. Clerical placement agencies predominate. One researcher found that over eighty per cent of private placements were of this type.

The existence and continued growth of private placement services is characteristic of the American and Canadian labour markets. Such agencies are specifically prohibited in a number of European countries. Canada has not ratified the relevant Convention of the International Labour Organization (#96) passed in 1949 which proposes the abolition of "fee charging employment agencies conducted with a view to profit." (17:6)

Mr. Andras told the Committee that no federal action is at present under consideration which would "arbitrarily insist on the elimination of all private agencies which operate under business licenses from the provinces. . . we do receive many recommendations. I believe we are receiving more representations that we should take over than that we should get out." (26:20)

Provincial legislation regulates the operations of private agencies. Two-thirds of them are located in Ontario and two-thirds of their total volume of

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<sup>1</sup> The Committee also used two recent studies: *A Report to the Ontario Minister of Social and Family Services*, Ontario Task Force on Employment Opportunities for Welfare Recipients, Toronto, 1972; *The Role of Commercial Employment Agencies in the Canadian Labour Market*, Lawrence Fric, Unpublished Ph.d. Thesis, University of Toronto, 1973.

business is done there. The Ontario Employment Agencies Act, 1960 provides for the licensing of placement agencies and consultants with offices in Ontario. Many have their head-office in Ontario and so fall within the regulations of this Act. To be licensed an agency has to be judged "worthy of public confidence." The industry has provided its own code of ethics through its national organizations, the Association of Professional Placement Agencies and Consultants and the Canadian Association of Temporary Help Services.

The existence of these two bodies points up that there are in fact two types of agencies. Ordinarily private placement agencies operate much as Canada Manpower Centres in matching job applicants with employment opportunities. But in doing so their objectives are clearly focussed. They are to meet the needs of the employer who pays a substantial fee when referrals result in successful placement. On the other hand, temporary help agencies become the primary employer, renting out casual labour to a secondary employer who pays an hourly rate for the services of workers arranged by the agency. Payment for these services goes directly to the agency. It covers the actual rate of pay received by the worker plus about 12 per cent to cover mandatory employee check-offs of Unemployment Insurance and Canada Pension Plan, as well as an additional amount to cover office overhead and profit to the agency. (13:14) The Committee established with the witnesses that only the employer pays a fee. It is "blatantly illegal" Mr. Coke said to charge the job-seeker for whom a placement is arranged.

Accurate data on the numbers of private placements has not been extensively collected. Mr. Manion testified that in broad terms private agencies made about 60,000 placements per year, compared with over one million in 1974-75 by CMCs. On average a sample survey for research purposes showed counsellors employed by private placement agencies made about 42 placements a year compared to about 150 per counsellor in the CMCs. (26.6) Mr. Coke suggested that upwards of 65,000 permanent placements would be made in total annually by private agencies, with an additional 10,000 executive placements and about 150,000 engaged for temporary help services. (13:9)

Private agencies have a high success rate in placement. While he could not base his comments on statistics, Mr. Coke felt "the success ratio would be something of the order of 80 per cent." (13:10) Satisfactory employee performance is guaranteed for from three to twelve months after a placement is made. This results in a two-way effort to ensure that the matching process meets requirements. For the agency, profit is diminished if the guarantee has to be honoured and a replacement found. This promotes careful preliminary screening and the development of familiarity with the employers' particular work environment by the counsellor. The employer who pays for the service will insist on satisfaction. Follow-up is therefore ensured by both parties to the placement process.

The fee for service to the employer can be substantial. It is related to the level of the job. Mr. Coke explained that the fee is calculated on a percentage of the first year's salary ranging from 6 to 25 per cent.

The higher the job position in terms of its economic value the higher the fee. The reason for that is that the search for an individual becomes much more complex when one gets into the upper echelons. (13:10)

Employers are obviously prepared to pay well for the intensive search and testing services offered and the protection of the guarantee of satisfaction with the person placed. Companies apparently use more than one agency and choose the best candidate presented to them regardless of the fee. The fact that private placement agencies exist in spite of the fee charged indicates that they are providing a useful service.

Job seekers who are attracted to private placement agencies do not on the whole register with CMCs. Those who register with them are not necessarily unemployed. The Ontario Task Force in 1972<sup>2</sup> estimated that some 70 per cent of the business of private agencies was in placing people who had jobs already. Mr. Coke agreed that this estimate was reasonable. (13:18) Employees called upon by the temporary help services are likely to be registered with many agencies at the same time.

Placement of disadvantaged job seekers is limited in the private sector principally to the temporary help agencies who can employ the handicapped and the socially disadvantaged for short term unskilled assignments. The Committee was told in detail by the representatives of Fairshares Ltd., of Montreal how their operation provided a real source of support for the hard-to-place worker. This agency is not typical of private services in that it is assisted by the Division. In 1972 it received the first of three annual Outreach grants to enable it to provide both employment and counselling on a non-profit basis.

### **Executive and Professional Placement**

Officials of the Division and the representatives of the private placement agencies sought the Committee's opinion on their relative responsibilities in certain specialized fields for placement. The private sector appears to believe that the public sector through the action of the Manpower Division should restrict its activities to the "social dimensions" of manpower policy, to "areas of service which are vitally needed," and geographically to "areas in which there are employment problems and it is just uneconomic for the private sector to be present there because they cannot do enough business to survive." (13:7 and 13:12)

Mr. Coke identified the specific responsibilities of the Division he considered to be appropriate. These were training and educational programs, mobility grants, counselling and the special programs related to the disadvantaged and chronically unemployed. (13:6) He specifically exempted Outreach projects which operate as temporary help agencies like Fairshares Ltd. He felt

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<sup>2</sup> *Ontario Task Force on Employment Opportunities for Welfare Recipients*; op. cit.



the grants they received made it possible for these organizations to operate in what he considered to be unfair competition with commercial temporary help agencies. (13:7)

Mr. Coke presented the view of a number of people in the private sector that the Department of Manpower and Immigration should withdraw completely from the executive and professional placement field. (13:7) This suggestion was supported by the assertion that executive placement is an area already adequately handled by the private sector.

Only a few large metropolitan CMCs now offer a separate service of this kind. "We tend to deal more with the fringes of the executive and professional market, with the executive who is unemployed", Mr. Manion told the Committee. (26:21) A pilot project for Toronto is under consideration which would mount such a service with specially trained staff who would have "greater flexibility to handle the clients in the way in which they would be handled by a private concern." (5:17) Canada has also been studying the policy recently initiated in the United Kingdom of handling executive placement by the public employment agency on a fee-for-service basis. The fee is set in relation to the level of income the position commands. A special service for professional placement within the public employment service exists in Germany.

Rather than abandon executive and professional placement entirely as the private sector suggested, the Division is attracted to the idea of expanding into this field. Executive and professional placement has not before been a high priority of the Division because of other pressing needs. The Division has provided on-campus placement facilities to assist university graduates staffed and operated as branch offices of Canada Manpower Centres. This is a successful operation. Employers frequently mentioned their satisfaction with the university offices.

The Minister ascribed certain possible advantages which could be expected to result from the successful extension of Canada Manpower services in executive and professional placement.

If we could improve our image with the senior management of corporations with whom we would be working in such a service, we might achieve a better response on their part with respect to using our service. We would have to up-grade the whole system, but it would not be to put the private agencies out of business. (26:21)

The German experience in professional placement was discussed by Mr. Baetz of the Canadian Council on Social Development who made the point that in Germany "the system has prestige and no stigma." (12:14)

The key point in the discussion of whether an expansion of executive services should be undertaken was the factor of the fee for services. Mr. A. E. Gotlieb, the Deputy Minister commented:

If we were to enter this field on a self-supporting basis by means of charging fees such as the British have done, in my opinion it would be necessary to demonstrate that we could add something which could not be added by the private sector and that we could do a better job with respect to professionals and executives than is being done by the private sector. (26:21)

The Minister directly invited the comments of the Committee on two aspects of this question, "not just as to the principle, but perhaps the method, should we charge a fee?" He made it clear that any fee would only apply to executive placement.

I would not ever wish to see us charging a fee for the general volume we carry on because we must help those at the low end who cannot afford it. However, at the top end it might be valid to charge a fee. (26:20)

The opinion of the Committee was somewhat divided on this question. On the one hand there were those who agreed that private placement agencies should have a clear mandate in the specialized field of executive placement where they have been very successful and clearly meet a demand; where CMCs now have a limited capacity, lacking both the necessary trained counsellors and employer contacts.

On the other hand, the majority of the Committee agreed in principle that CMCs should continue to offer placement assistance to all levels of job seekers including executive and professional. Employers should be able to list all employment opportunities and receive referrals from the public employment agency without paying fees. The choice of the employer in selecting the method of recruitment of staff should not be restricted.

However the Committee has reservations about the Division taking on a new and highly specialized task of providing services for executive and professional placement in the manner suggested. To be confident of reaching the effective corporate level an expanded service would require additional funds to pay for suitable premises and the salaries of counsellors with superior training. Authorizing a scale of fees for one level of placement would be an anomaly in a service otherwise offered at no cost.

It would be difficult for the Division to take over a viable part of the market from the entrenched private agencies who have a high degree of acceptance by employers. Unless the Division were conspicuously successful the image of the public employment service held by employers would be further damaged. It is more important that the Division concentrate on making its basic placement function more effective without adding any new areas of activity requiring expensive specialization.

**The Committee agreed that extensive expansion of the professional and executive placement services would be a questionable use of public funds and recommends that the Division should not develop a distinctive specialized service in executive and professional placement, even if a fee were to be charged for this service.**

### **Casual and Part-Time Placement**

The private sector objected to another area of placement carried on in a limited way by CMCs, the operation of casual centres in the larger metropolitan areas. As described by the Division, they provide service to employers who seek workers on a short-term basis and to workers who want jobs of a short-term nature. The jobs handled by these casual centres are of a week or

less in duration, for example a few days unloading trucks or box cars or a few hours shovelling snow. This is true casual labour, the labourer being paid directly by the employer when the work is completed. It should not be confused with the temporary help operation where the job orders are for short term work, but those who perform it are employed and paid by the employment agency.

In Mr. Coke's opinion casual centres in CMCs "serve no real purpose because the particular markets are adequately served by the private sector." (13:12) Unscrupulous employers who pay off in cash defraud the employee sent by the CMC of his entitlement to Unemployment Insurance and Canada Pension plan contributions. The allegation that the casual centres operated by CMCs encouraged circumvention of the law was rejected by the Division:

The job orders accepted for servicing by the "casual centres" meet the legal requirements as set out in provincial and other legislation. . . . Furthermore, the payroll and related activities of employers are subject to legislation that is enforced by other governments and government departments, e.g.: departments of Labour, National Revenue-Taxation.<sup>3</sup>

The responsibility of the public sector in the whole area of part-time work is a subject of concern in the Division. The Minister pointed out that "12 per cent of all jobs in the labour market now are of a part-time nature, and this seems to be increasing." (26:8) Recognition of this new attitude toward employment has led to a re-examination of the role of Canada Manpower in this area of placement. A move to expand beyond the limited services now provided in the casual centres to something like the temporary help services provided by the private sector is apparently now being considered by the Division, although the Minister confirmed that no decision to do so had been made. (26:22) Such a move would bring the public sector into direct confrontation with the private sector. The private agencies have vigorously defended their interest in retaining exclusive brokerage in this type of placement through the representations of the Canadian Association of Temporary Help Services. The private agencies appear to provide an adequate service in the provision of temporary help. An intrusion into this area of placement by Canada Manpower Centres is not warranted at the present time.

**The placement of job seekers who prefer part-time employment is in general terms a proper responsibility of the public employment service. It is presently fulfilled through the operation of Farm Labour Pools and the referral of job seekers to casual employment. However Canada Manpower Centres should not set up separate formal temporary help services for which they become an employer of record.<sup>4</sup>**

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<sup>3</sup>Letter to the Chairman, July 17, 1975.

<sup>4</sup>An employer of record retains a list of registered employees who are available for assignment to jobs of limited duration. The customer pays a fee for service. The employer of record pays all wages and makes the required deductions.



### Compulsory Listing of Vacancies

One further proposal involving private placement agencies was presented to the Committee by the Canadian Council on Social Research. The suggestion was made that private agencies "should be required to give their vacancies information (without the name of the employer) to CMCs." (12:71) This suggestion was in turn based on a recommendation by the Economic Council of Canada in 1971<sup>5</sup> that compulsory reporting of vacancies by private agencies be included in the open file job listings which have since become the Job Information Centres. This the Economic Council believed would extend the availability of information about the total job market.

In 1973 the Division undertook four pilot projects in cooperation with private placement agencies in Toronto and Montreal involving reciprocal referring of vacancies. Both parties only exchanged vacancies for which they had no qualified clients. Lists of vacancies exchanged in Toronto showed a high volume of similar vacancies.<sup>6</sup> No further exchanges have taken place, but a measure of informal contact between CMCs and private placement agencies continues to exist.

From time to time the suggestion has also been made in the press and elsewhere that employers should be required to list all their job vacancies with Canada Manpower Centres. The Committee considers that such a requirement would not benefit either the employer or the job seeker and that the present free choice of employers to recruit staff by any method or through any agency they may wish should continue. Canada Manpower Centres must represent the interests of the unemployed job seeker, but that interest can be better served by improved service and strengthened contacts with employers than by any compulsory measure to increase the listing of job opportunities.

**Employers should not be required to list all vacancies with Canada Manpower Centres. This also applies to private placement agencies.**

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<sup>5</sup> Economic Council of Canada, *Eighth Annual Review*, 1971; page 194.

<sup>6</sup> Letter from J. L. Manion, April 30, 1975.

## PART III

### THE CANADA MANPOWER TRAINING PROGRAM

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CHAPTER 9

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THE FEDERAL-PROVINCIAL RELATIONSHIP IN TRAINING  
ADULTS FOR EMPLOYMENT

The most critical problem in facilitating the adjustment of manpower is the lack of sufficient basic information and technical training of many workers, which makes their adaptability to the changing work environment unduly difficult. . . . *A Declaration on Manpower Adjustments to Technological and other change*. Economic Council of Canada, 1966.

Since 1966 the Manpower Division has directly assumed the financial burden of sponsoring "educational upgrading and training for Canadians to develop satisfying and productive careers while meeting the manpower requirements of employers and the economy." (Program Objective: 5:30) In 1973-74 it cost \$418,198,424. or 63.84 per cent of the total budget of the Division to meet this program objective. At the same time staffing this program utilized 20.83 per cent of the total authorized man-years.

There are two main delivery systems under the Canada Manpower Training Program: an institutional component comprising training purchased from educational institutions under provincial jurisdiction, and industrial training contracted for directly with employers, although subject to approval by provincial authorities.

The federal government has been involved in the broad field of manpower training for over sixty years. Throughout this time there has been a tacit understanding that, while education under the British North America Act is a provincial responsibility, the federal government could share in the cost of technical education provided by the provinces as a means of increasing the employability of young people. Between 1913 and 1960 total federal expenditures for this purpose amounted to only \$110 million. In 1960 under the Technical and Vocational Assistance Act the federal government expanded its support of the capital cost of building vocational and trade schools to 75 per cent. Federal contributions to the provinces under that Act for a six year period (1960-1966) totalled \$592 million toward capital costs and \$259 million toward operating costs. This created a substantial expansion of technical and vocational facilities in Canada. At the same time the federal government paid up to 97 per cent of the cost of training allowances for those undergoing adult training. However, only about one third of this was spent retraining adults displaced by technological changes. It was essentially a youth program.<sup>1</sup>

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<sup>1</sup> Richard Simeon, *Federal-Provincial Diplomacy*, Toronto, 1972, page 80-81.



The formation of the new Department of Manpower and Immigration in 1966 gave effect to the new directions in manpower policy suggested by the OECD. Training and retraining of manpower for employment is a vital aspect of that economic policy. Provincial authorities were notified at the Federal-Provincial Conference in October 1966 that the old cost-sharing arrangements were terminated, that under new legislation the federal government would purchase courses directly from the provinces for adults specifically referred by Canada Manpower Centres and would pay support allowances directly to the trainees. This much more narrow and direct approach was authorized by the Adult Occupational Training Act, 1967. Through this Act not only were the new objectives of the Department in Manpower policy better served, but a more equitable distribution of funds was assured. Under the old arrangements the rich provinces had been financially able to make better use of federal funds.

The Committee therefore had for review a program of expenditure in the field of adult training based on eight years experience in the operation of the new Act. It was revised in 1972 when the required time of attachment to the labour force to qualify for training was reduced from three years to one. In the beginning purchases had to be made from courses available and financing was based on guarantees of federal purchases of at least 90 per cent of the training days purchased the previous year at actual audited cost. Both the planning of courses and financing have now been improved. New agreements with all the provinces under the terms of the Adult Occupational Training Act have been signed within the past year.

Since 1966 the cost of training, as of all education in this period, has steadily risen. While the number of trainees has remained between 300,000 and 350,000 per year since 1968, the actual expenditures have more than doubled. In all approximately two million adult trainees have participated in the Canada Manpower Training Program (CMTP) at a total cost of more than \$2 billion.

To put this continuing contribution to adult education in Canada by the federal government in perspective, it should be noted that in terms of numbers of trainees the CMTP is as big as all of the Canadian universities put together. "It is a huge program", Mr. J. P. Lefebvre, then Director-General of the Training Branch told the Committee. (9:20)

All observations about manpower training funded by the Manpower Division are affected by the fact that delivery of it is a joint federal-provincial responsibility. Dr. Dymond clarified the relationship of the two governments vis-à-vis manpower training.

The federal government has a responsibility for the economic, labour and manpower resource development of the country, and training is one of the important instrumentalities by which you achieve the objective of having adequate and well qualified manpower supplies...the activity of training, regardless of where it takes place, the instrumentality so to speak, is a provincial responsibility.

As a result the two levels of government have assumed distinctive roles in relation to education as a preparation for employment. Young people now enter

the work force with more years of academic education behind them, acquired through the provincial school system. At the same time the federal government has become increasingly involved in their preparation for actual employment in jobs requiring specific skills. Dr. Dymond emphasized the need to reconsider this situation.

There has to be some new approach to gearing education to employment. We are stuck with two very rigid institutional structures now, the manpower training structure and the educational structure...we have to invent ways of coming to grips with this problem of the interrelationship between education and the labour market in effective ways...somehow institutionally we will have to bridge this gap and that will have financial consequences for both levels of government. (20:17)

No such reassessment took place before the new agreements were concluded with all the provinces in 1974-75. They established the upward limit in dollars of federal funds committed toward the purchase in any province of institutional training and training of apprentices and the reimbursement of some of the direct costs in industrial training contracted for with employers. A further small amount has been designated for a variety of training improvement projects. While no two agreements are exactly alike they all contain the following basic provisions: the amount of the money available for course purchases is fixed and the provinces are obligated to give complete financial reports of their disbursements annually. In all provinces but Ontario, the province agrees to provide as many training days as it can for the fixed amount. The Division as well as the provinces clearly prefer this open arrangement. It makes provinces accountable for their administration, but gives them the guarantee that they will not lose if the per training day cost of courses should rise. It was made clear that trainees referred by Canada Manpower Centres are entirely financed by the federal government.

Ontario has negotiated a different method of delivery and costing, a fixed total price for a set number of training days according to an agreed scale of fees relating to the kind of course provided. Thus the volume and the mix of courses is established, but the location and occupational skills to be taught are left open. The federal government does not pay for training days not utilized.

### **The Federal-Provincial Manpower Needs Committees**

Each new provincial agreement broadens the authority of the joint federal-provincial Manpower Needs Committees. These committees were provided for under Section 13 of the Adult Occupational Training Act, but until 1972 they remained largely inoperative. At that time their revitalization was recognized as desirable by the Manpower Division and arrangements to bring this about have been welcomed by the provinces. The duties of these committees are variously described, but in general they are required to "co-ordinate federal and provincial programs relating to manpower training" and to "assess manpower needs, recommend training plans and priorities, assess training results, and recommend improvements."<sup>2</sup> Manpower Needs Committees are now oper-

<sup>2</sup> Department of Manpower and Immigration Press Release, July 15, 1975 announcing the agreement with Ontario.

ating in every province. There are variations in membership, methods of operating and in the structure of sub-committees.

The introduction of these committees has led to better co-ordination of relations with provincial authorities. In some provinces three or four departments can be involved in training arrangements. The existence of the Manpower Needs Committees has also made it possible for other federal departments with interests in manpower training policy to take part in planning when appropriate. Representatives of the departments of Regional Economic Expansion and Indian and Northern Affairs have been included. This cooperation has evidently been welcomed by the provinces. (21:8) Through sub-committees it is possible to involve employers, industry and unions in establishing priorities in course development. The Minister stated that the operation of the Manpower Needs Committees "has begun to clarify and purify our purchases. I think our purchases now, by agreement with the provinces, are much better than they were in the past." (26:14)

Direct testimony was received from two active members of Manpower Needs Committees. Mr. W. J. Hurd, Director-General, Manpower Training Branch, Pacific Region, is a federal representative on the Committee in British Columbia. Mr. W. B. Thompson, Chairman of the Community College of New Brunswick is a provincial representative there. Both enthusiastically confirmed that the Manpower Needs Committees had improved the planning and the allocation of training resources.

The Manpower Needs Committees must allocate training days on a percentage basis to various target groups. To a great extent decisions are based on the demand experienced in previous years and the rate of completion and the drop-out rate of participants. This information is weighed against occupational forecasts from Manpower sources such as the regional economists as well as advice from the sub-committees. The experience of federal training branch representatives and CMC counsellors is also taken into account. From this composite picture the training requirements for the following year are forecast.

The input from all these sources provides protection against provincial interests keeping alive vocational courses which are no longer required to meet occupational shortages. While the province is responsible for the content of training, the federal Manpower Division does have an indirect influence. Mr. Lefebvre explained:

If we feel that a course is not really effective, not well designed, we can speak to the provinces about it. We are in general on very good terms. . . We discuss problems. There is no way we can impose on all the provinces, and I don't think the federal government could think of a system where it would impose a course content that is going to be similar in all provinces. We do encourage comparison. (9:14)

While the Manpower Needs Committees have clearly improved the planning of opportunities for manpower training, they are also required to assess results of courses and recommend improvements. But the Manpower Needs Committees consist of one set of civil servants talking to another set of civil



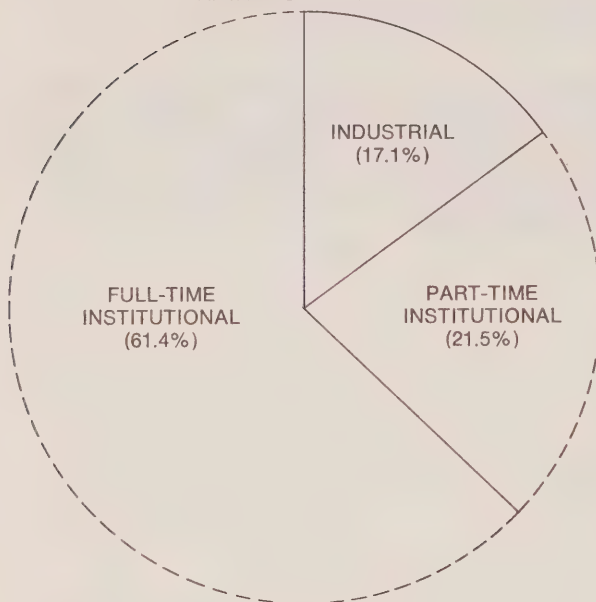
servants. There is provision for sub-committees to function which could open this representation. Mr. Thompson touched on an important point in this regard:

We have sub-committees, technical sub-committees, disadvantaged sub-committees and sub-committees of all sorts, all of which are functioning to a degree at the present time. . . But we need a great deal more data and input from the employers as to their future plans and activities, and also more dialogue from the public at large than we have had in the past. There is the possibility within that agreement to do that. (21:7)

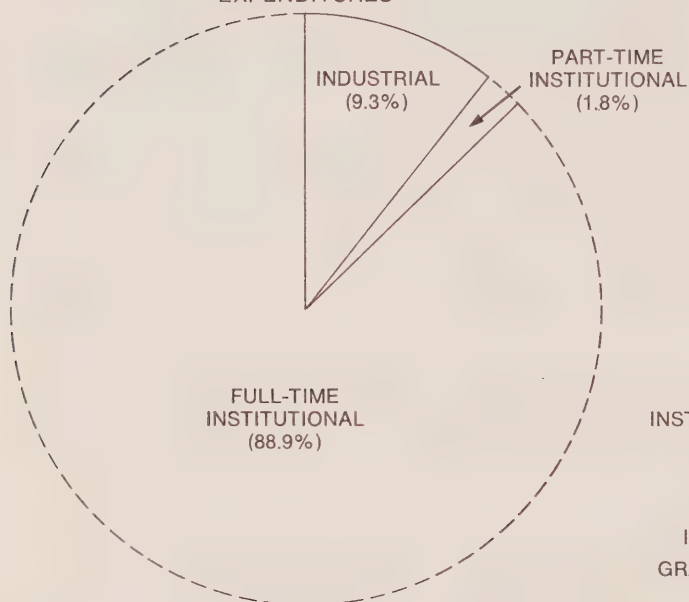
**Federal-provincial cooperation in the provision of job preparation training for adults has been improved through the activation of the Manpower Needs Committees in each province. However, the Committee recommends that representatives from business and labour be included in both the planning and assessment of manpower training courses.**

**APPENDIX 3**

**CANADA MANPOWER TRAINING PROGRAM**  
**Institutional and Industrial Trainees Enrolled and Expenditures**  
**1974-75**

**TRAINEES ENROLLED**

INSTITUTIONAL		
Full-time:		178,986
Part-time:		62,635
TOTAL:		241,621
INDUSTRIAL:		49,952
GRAND TOTAL:		291,573

**EXPENDITURES**

INSTITUTIONAL		
Full-time:		356,718,873
Part-time:		7,185,350
TOTAL:		363,904,223
INDUSTRIAL:		37,288,029
GRAND TOTAL:		401,192,252

Source: *Annual Report 1974-75, Manpower and Immigration*, page 37.

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CHAPTER 10

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## TRAINING: THE TRAINEES' POINT OF VIEW

Nothing you can do will hurt a man more than to train him for a job that is not there or is not likely to be there and in which he has put great hope. (A member of the Committee) (9:16)

Wide latitude is given in the choice of courses to which a manpower officer may refer an adult for occupational training. The course need only be judged to provide an adult "with the necessary skills to increase his earning capacity, or his opportunities for employment". (Adult Occupational Training Act). Elaborate cost/benefit statistics were presented to the Committee to prove that training increases the earning potential of a previously unemployed worker. The estimates of the long term benefits of training were challenged by Dr. Dymond. In his view the estimated long-range dollar benefit "is shot through with so many assumptions that it is very difficult to interpret its real meaning." (20:12)

Officials of the Division provided other evidence of the direct personal benefit trainees derive from training courses. A statistical analysis of those sponsored participants in institutional training courses in 1973 whose pre-training income was below the poverty line showed that after training 47 per cent found employment which provided an income above the poverty level. (9:67)

**Participants in the Canada Manpower Training Program**

To be eligible for training under the Canada Manpower Training Program a person must be an adult, that is, a person whose age is one year greater than the authorized school leaving age of the province where he resides; and not have attended school on a regular basis for any period for at least twelve months since attaining the school leaving age. Apprentices must be adults, but do not need to have been out of school for any period of time to be eligible for training. The statistical profile of trainees enrolled in the Canada Manpower Training Program shows that over half of those enrolled for training in 1973-74 were unemployed when referred.<sup>1</sup> During the past five years females have been increasingly referred to training. In 1974, 35.9 per cent of trainees enrolled in institutional training were female, 64.1 per cent male. In age nearly half of all trainees were under 24 years; only 10 per cent receiving training were over 45. Fifty-four per cent had no dependents.

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<sup>1</sup> This data may be found in Table 3, *Proceedings* 9:60



In terms of years of schooling before training, 30 per cent of all trainees had between 1 and 8 years, 45.7 per cent between 9 and 11 years, 18.8 per cent had 12-13 years, that is, the equivalent of high school graduation, and 5.5 per cent had 14 years or more. Compulsory attendance at school for a minimum of 10 years is now established in Canada. The proportion of pupils who remain in school through to grade 12 has steadily risen. In 1972-73, 71 per cent of those who had been enrolled in grade 2 ten years earlier were enrolled in grade 12. A comparative statistic for 1961-62 showed that by the time they reached grade 12 only 36.4 per cent were still enrolled.

Creation of new jobs in the private or the public sector has been insufficient to absorb the rapid increase in the labour force which is largely attributable to the entry of young workers. As a result young workers under 24 years not only account for approximately 50 per cent of all registrations at Canada Manpower Centres, they take up 47 per cent of all forms of institutional training. In the skill training component they take 69 per cent of the available training seats, while in industrial training courses assisted by the Division, they utilize 40 per cent of the opportunities.

Mr. Thompson as a provincial educator raised an objection before the Committee that young workers should not necessarily be required to have one year attachment to the work force before becoming eligible for federal sponsorship for training. In New Brunswick many provincially supported trainees go into skill courses directly upon graduation from secondary schools.

The present one year attachment has been in effect since the amendment to the Adult Occupational Training Act in 1972. It originally was three years. This restriction reinforces the principle that the federal government through the Manpower Division is primarily responsible for assisting adult workers in training for employment. To remove the element of experience in the work force would alter this basic assumption. Instead of providing training as part of a pattern of recurrent work and education, the federal government would effectively be assisting students in their continuing education.

**The Committee recommends continuation of the present rule that trainees must have spent one year in the work force before becoming eligible for a federally sponsored training course.**

#### **Basic Training for Skill Development (BTSD)**

"Education is a luxury the poor cannot afford", was the observation of Senate Committee on Poverty.<sup>2</sup> The Manpower Division has attempted to deal with the employment ramifications of that statement directly through two of its training programs, in a small way in industrial training but predominately through institutional training in the Basic Training for Skill Development (BTSD) program.

It is an unattractive statistic to face, but Canada still has over one million people with only four years of formal schooling or less. This is the portion of

<sup>2</sup> *Poverty in Canada: A Report of the Special Senate Committee 1971*; page 116

the adult population of Canada which is considered to be functionally illiterate. Their under-employment can be directly attributed to this fact. It has been established that the unemployment rate among those who have not completed primary school is six times higher than among high school graduates.<sup>3</sup>

The cost of Basic Training for Skill Development (BTSD) accounts for about one-third of the cost of all institutional training, well over \$100 million. This form of training is offered in community colleges on a continuous entry basis. It provides basic instruction through grades 1 to 12 in mathematics, science and communication skills. It is viewed as a preparation for further skill training courses for which there are achievement grade entrance requirements or to assist workers to meet employers' education requirements. Welfare agencies also refer trainees to these courses.

For some clients who face what the Division describes as "special barriers that prevent them from participating in the labour force", (9:39) Basic Training for Skill Development includes two specialized activities, Basic Job Readiness Training and Work Adjustment Training which were developed as part of the concerted effort within CMCs to find employment for clients who are identified as having serious problems in getting and keeping employment. Approximately 1,500 training places were assigned to these two forms of BTSD in 1973-74. Basic Job Readiness combines training to remedy lack of educational qualifications with in-depth counselling to overcome personal problems inhibiting successful placement in employment. Some of this counselling is done within the CMC with available resources. Work Adjustment Training is purchased from experienced outside agencies. This flexible approach which uses outside expertise in a direct but limited way to extend facilities existing within the CMC is commendable.

Essentially the development and continuation of the Basic Training for Skill Development courses involves the federal government in financing a program of academic up-grading for adult drop-outs of the provincial school systems. The Minister discussed with the Committee the reasons why his department had assumed the cost of BTSD. He agreed that the need for it could be interpreted as a failure on the part of the provincial education systems, but underlined the fact that his department could not for this reason refuse to give adults this kind of training.

The fact is they do exist. What happened to them in the past, or whether it is their fault or the fault of the educational system, does not enter into it. They are now on our doorstep ... requiring employment, requiring income from employment and their skills are such, by virtue of having dropped out, or whatever the reason, that they cannot get jobs unless they get this job readiness training. (26:14)

The need for educational upgrading to open employment to a significant portion of the work force cannot be ignored by the Division. But the persistence of this need on the present scale indicates that the division of federal and provincial responsibility for adult literacy programs should be re-examined.

<sup>3</sup> Ibid; page 121.

**The Committee is disturbed by the fact that basic educational training, an area which is essentially a provincial responsibility, is costing the Manpower Division in excess of \$100 million annually. The Committee recommends that this situation be reassessed and remedial action taken if necessary.**

### **Skill Training**

The assignment of exclusive control over occupational training for adults to the federal government rests on the need to link training to opportunities in the labour market. Skill training as now organized takes place almost entirely in the classroom. This is the most important and expensive feature of the Division's total training program. More than half of the institutional training days purchased are for training workers in specific occupational skills, either to prepare them to enter the occupation or to upgrade their qualifications.

The Division regards the follow-up of trainees of the Canada Manpower Training Program as an essential measure of the effectiveness of training referrals. This is accomplished by mailing questionnaires four months after course completion to all persons finishing skill courses. This has recently been augmented by a further survey of a sample group fifteen months after completion of their training program.

The Division published a *Report on Training Outcomes* for 1973-74 in the summer of 1975. (Tables from this Report are on pages 84 and 85). This Report shows results of training in terms of the employment status of graduates who completed training under the Canada Manpower Training Program between October 1, 1973 and September 30, 1974. The data is based on a 61 per cent return from the questionnaires sent to 41,702 graduates.

The Report is prepared on a continuing basis to provide essential statistics to departmental officers planning future purchases. Statistics are coded for 81 occupational groups based on titles in the *Canadian Classification Dictionary of Occupations*. These in turn are summarized into seven main areas of occupational activity. This Report provides the Manpower Needs Committees a basis on which to judge by how well the skills for which training was offered matched the employment opportunities available when training was completed, but it is not the only source of information on which the Manpower Needs Committees decides the skills requiring allocations of resources. Data on job opportunities collected by Statistics Canada are reported quarterly. The occupational trends, of vacancies listed in Canada Manpower Centres are also reviewed. The Training Outcomes survey, however, provides specific information on how well previous decisions about training related to actual employment. It is therefore of particular interest.

In the 1973-74 survey 73 per cent of graduates were working when they replied to the questionnaire, but only 54 per cent were employed in the same occupation group as the course from which they had graduated. A further 16 per cent were seeking work, while 10 per cent were neither seeking work nor



taking further training. Only one in four of those who took Basic Training for Skill Development were surveyed and fewer of them responded. Of this group only 56 per cent replied, but even so the results suggest that this training program did not entirely meet its objective. Only 39 per cent were employed, 20 per cent were taking further training, 24 per cent were unemployed and seeking work and 17 per cent were described as "not in the labour force."

While some allowance must be made for the personal preferences of trainees, the implications in the results of this short-term assessment of training are clear. Referrals for training frequently miss their targets. Courses provided for referral do not reflect current labour market demands. It is worth noting that the most successful match in terms of employment in the same occupation group as the course occurred in the farming, horticulture and animal husbandry occupations where 86 per cent of trainees had found related employment. The federal representatives of the Manpower Needs Committees must become more insistent that the courses organized by the provinces provide an adequate preparation for employment in occupations for which demand can be seen to exist.

**The Division, through the federal representatives on the Manpower Needs Committees in each province must become more insistent that skill training courses made available by the provinces for purchase under the Canada Manpower Training Program are more closely related to current local labour market needs.**

### **Referrals to Training: The Responsibility of the CMC Counsellor**

*Trainee Selection* is the title of a pamphlet available in all Canada Manpower Centres. It states:

1. Formal consideration of a client for training commences when the client indicates to the manpower counsellor his desire to undertake training . . . .
2. The final decision to refer a client for enrollment rests with the manpower counsellor . . . .
3. The client, the manpower counsellor and the training authority will normally be the chief participants in training decisions . . . .

All referrals to training, either institutional or industrial, rest with the counsellor, who must compromise in referring workers between those courses the trainee wishes to take and the skill in most demand in the labour market. Unfortunately as Dr. Dymond pointed out, "The consequences fall on the individual of bad and unwise decision-making with respect to training." (20:12). The numbers reported to be employed in other occupation groups than the training course they had recently completed indicates that unwise decision-making does happen.



CANADA  
TRAINING OUTCOMES FOR NON-SKILL TRAINEES\*  
OCTOBER 1, 1973 TO SEPTEMBER 30, 1974

PERCENTAGE OF RESPONDENTS					
		UNEM- PLOYED & SEEKING WORK	NOT IN LABOUR FORCE	TAKING FURTHER TRAINING	RESPONSE RATE
B.T.S.D.	432	269	188	216	1976
	39%	24%	17%	20%	56%
LANGUAGE	326	101	42	50	1109
	63%	19%	8%	10%	47%

\* the survey sample in this group is 1 in 4

Counsellors would be more aware that an unwise training decision had been made if in addition to the impersonal mail survey conducted by headquarters' personnel for statistical purposes, they were required to personally follow up trainees. The Division should impress upon counsellors that when referrals for training are made interest in the future of the trainee does not cease.

**The Committee recommends that it should be the responsibility of the counsellor who makes a referral to training to make an assessment of the relevance of that training to the employment finally secured. The results of such assessments should be made available to the district economist and through him to the Manpower Needs Committees.**

### **The Fifty-Two Week Rule**

It is evident from the training information pamphlets prepared for prospective trainees by the Division that a career planning strategy is supposed to be promoted by counsellors arranging training. While it is possible for the trainee's wishes regarding the school and even the province where he will undergo training to be met, there are other limitations. The Adult Occupational Training Act stipulates that attendance at full-time courses can only be authorized for a total of 52 weeks. After that a trainee must return to the work force. It is official departmental policy that the trainee then work 52 weeks before becoming eligible again for training unless no employment can be found. In this case the interim time period is frequently shortened. The Act does not restrict the number of courses a trainee may take. An exception is made for those taking Basic Training for Skill Development. If the BTSD trainee moves directly to skill training he is allowed a further 52 weeks. This rule obviously affects training decisions made for the client by the counsellor. Access to employment at the end of training must also form part of the training strategy.

The 52-week limitation was discussed before the Committee by many witnesses who deplored it. It has been retained by the Division as a deliberate



policy, part of a concept of training adopted from the OECD—the principle of recurrent education. This is described in another departmental pamphlet titled, *More than a Second Chance*. It is explained that, “the recurrent education model offers a way of making coherent complex career patterns involving various types of work and learning experience.” This pamphlet comments on the limitation of the duration of training as follows:

The so-called 52-week rule is retained, but greater flexibility is introduced in its application. The formalization of the concept of training, skill development and career development plans for trainees, and the emphasis on the relationship between learning in the classroom and learning on the job, should help to foster a more comprehensive approach to improving the client's employability and earning capacity. (p. 20)

This is an acknowledged rejection of the traditional view of education and training as a continuous process before entering the labour force. There is much merit in the new approach of the Division toward recurrent education. The ‘52-week rule’ will obviously have to be reassessed before any revision of the Adult Occupational Training Act is made.

**The Committee supports the Division's view that the so-called 52-week rule does not seriously impede training for employment.**

### **Apprenticeship Training**

The Division pays for up to 12 weeks of the classroom training which forms a part of provincially regulated apprenticeship training. This is a direct subsidy of a provincial program. Apprentices are referred to courses by the provincial Director of Apprenticeship. Approximately seven per cent of the funds available for institutional training are used in this way.

### **Language Training for Immigrants**

A further ten per cent of the institutional training purchased goes to language training for immigrants. Technically it could be extended to a Canadian migrant to learn a second language but in practice this has not happened. Immigrants are also routinely referred to the other training programs of the Division.

### **Allowances to Trainees**

In addition to assessing a client's prospect for success in employment following training, the counsellor must also assess the trainee's financial needs during the time he is undergoing training. The provision of allowances for trainees was accepted from the beginning as an important factor in opening the program to adults.

Allowances now account for 40 per cent of total training costs. The allowance given relates to status, number of dependents and distance of domicile from the training centre. The rate is reviewed annually and is kept just slightly ahead of UIC and social assistance benefits. For 1974-75 the minimum paid weekly was \$60. and the maximum \$154.

It became apparent that there are some anomalies in the allowance system. These often arise in the case of self-employed persons who may take training during periods of the year when they cannot work at their regular employment. The example of the full-time farmer was cited. The Committee was told the Division is reviewing the policy regarding training allowances for self-employed people, as well as the allowance structure generally. The Director-General of Training explained:

The rationale for our allowance system is not too clear, as to whether it is a question of a training incentive, or if it is an income maintenance allowance, or what exactly is the nature of this program. We are not satisfied with it at all, on any ground, so we are looking for an improvement in this area. (9:25)

In view of the fact that the allowances given to trainees absorb such a high percentage of the total amount spent on training it is important that they do in fact provide more than income maintenance. Otherwise the training function is not being served. They are not a substitute support payment. They are provided to ensure that the trainee will complete the course of study which will improve his employability.

A problem arises in connection with the provision of training allowances to some disadvantaged trainees. In many provinces federal training objectives are thwarted by provincial regulations. Substitution of the training allowance for the welfare allowance results in the loss of other forms of provincial support like free medical and dental services. This discourages a number of welfare recipients from undergoing training which might make them self-sufficient.

**Allowances to support trainees are an integral part of the CMTP. They are provided to encourage trainees to complete the course of studies intended to improve their employability. Referrals to training should therefore only be made on that basis. The training allowance should not be used to provide a temporary substitute for other forms of maintenance.**

**The Committee urges the Division through its representatives on the Manpower Needs Committees to seek modifications of any provincial welfare regulations which inhibit participation in courses offered under the Canada Manpower Training Program.**

#### **The Newfoundland Pilot Project**

On several occasions during the hearings the officials of the Division referred to a joint training project developed by the Unemployment Insurance Commission and the Division being tested as a pilot project in Newfoundland over a two year period to end in 1976. It is described by the Division:

In cooperation with UIC to utilize insurance funds for the purpose of providing training in shortage occupations to unemployed clients in Newfoundland and to experiment with a more constructive use of UIC funds. (9:23)

A recipient of unemployment insurance who agrees to attend courses to upgrade his skills or to open a new avenue of employment, receives income

support from UI benefits at his rate of entitlement plus an additional \$10 per week from the Division as a training allowance together with transportation and living away from home allowance if applicable. Thus the income support/allowance side of this training predominately comes from UIC funds. The Division however finances the cost of the courses. The total project in Newfoundland will involve expenditures by the Department of up to \$3.5 million during the two years. The Unemployment Insurance Commission participates in the Manpower Needs Committee's decisions concerning the type of training to be provided.

This project is essentially geared to provide seasonal workers with an alternative skill which can equip them to work at something else during the seasonal lay-off period from their regular employment rather than draw UIC benefits. It was presented as an example of the way in which the Division in cooperation with the UIC seeks to extend its training objectives to reach those who could benefit from an opportunity to improve their earning potential. If successful the results of the Newfoundland project will ultimately be shown in the reduction of UIC payments arising from seasonality of employment. The Committee agrees that this is a desirable goal.

However the Committee cautions that referrals to training should not be based solely on the fact that the prospective trainee is drawing unemployment insurance. The decision to refer a person to training should always be made on the basis that the person wants training, that the training is useful and that the person will likely find a job as a result of training. This will be even more important when the merger of the UIC and Canada Manpower announced in May, 1976 is complete. It is the declared intention to extend the experiment tried in the Newfoundland project, to use UIC funds for training UIC beneficiaries in other parts of Canada.



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CHAPTER 11

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### EMPLOYERS' INVOLVEMENT IN TRAINING: THE CANADA MANPOWER INDUSTRIAL TRAINING PROGRAM

In 1971 the *Eighth Annual Report* of the Economic Council of Canada made the observation that "very little is known about the extent and nature of privately financed manpower training in Canada." The Council suggested that more information was required on which to base a positive policy regarding training in industry to be sponsored by the Manpower Division.

With our present knowledge, we do not really know whether an expansion of public expenditure on training-in-industry will act as a complement and catalyst for privately financed training or merely as a substitute for it. (page 130)

In the spring of 1975 the Manpower Division still did not know in exact terms "the size, nature or total content of industrial training conducted under the responsibility of employers." (9:28)

Training-in-industry has been a part of the overall training strategy of the Division since 1966. As a program it has gone through various stages of experimentation in content and direction. The Canada Manpower Industrial Training Program now in operation started in 1974. It contains elements of previous programs but these have been merged to make it more responsive to the needs of employers who initiate, develop and improve their in-house training activities. It operates under the Adult Occupational Training Act so that the restrictions on trainees within that Act apply to those being trained in industry equally with those trained institutionally.

Training-in-industry however has received minimal funding in comparison with the institutional training arranged under provincial agreements. The Division gave the Committee estimated totals for 1974-75 showing that 72,000 industrial trainees had enrolled in programs assisted by the Division compared with 263,000 enrolled in institutional programs. Estimated costs were related: \$37,300,000 provided for 2,300,000 days of industrial training (\$16.22 per day) while \$368,517,000 bought some 15,000,000 days of institutional training (\$24.57 per day). (9:59)

The final figures from the Annual Report 1974-75 indicate that this estimate was over-generous.<sup>1</sup> In percentage terms in 1974-75, 17.1 per cent of all trainees sponsored by the Division undertook training in industry. The cost of their training absorbed 9.3 per cent of total training expenditures.

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<sup>1</sup> See Chart on page 78.

The sustained and unbalanced commitment to institutional training is a distinctive feature of federal Manpower Training programs in Canada. The Economic Council drew attention to this in 1971. At that time in the United States about 80 per cent of federal training expenditures were devoted to training and 'work experience' in industry. The United Kingdom and several other industrialized countries placed a similar emphasis on training-in-industry. This comparison led the Economic Council to observe:

The heavy—in fact, almost exclusive—emphasis on institutional training in Canada is difficult to understand when experts generally agree that, for many occupations and for many individuals, training-in-industry appears to be preferable.<sup>2</sup>

Officials pointed out that expenditures by the Division on industrial training had risen slightly from the level of five per cent in 1971. The Division has been cautious about expanding industrial training expenditures because such assistance might be construed as a concealed subsidy to employers. The official view is stated in the forward to the pamphlet describing this program to employers:

Employee training is, of course, the responsibility of the employer. Nevertheless, financial incentives to training-in-industry are a sound investment for the Government of Canada in terms of economic and social benefits.

Reimbursements of an employer's expenses are determined on a scale. If he agrees to give priority to training of special needs clients he is reimbursed for up to 85 per cent of their wages during the period of their training. Previously unemployed adults or those whose continuing employment is threatened who are accepted for training by an employer will have 60 per cent of their wages reimbursed. If a training program for employees already on strength is approved, 40 per cent of the wage bill will be met from federal funds. The maximum paid by the Division towards the wages of an employee is \$130 per week. All costs incurred by the employer for any classroom portion of industrial training are reimbursed by the Division. The provincial authority must approve the content of all courses.

No detailed statistics relating to the labour force status of industrial trainees after training was given to the Committee. A short table for 1973 indicated that overall 79 per cent of them were employed when surveyed, 48 per cent having remained in the employment of the firm where training had been given. Fourteen per cent were unemployed and seven per cent were shown as no longer in the labour force. (9:64) This suggests that opportunities for employment are enhanced to some degree for those who train in industry over those who take institutional skill training.

### **Employers' Complaints**

Employers were asked by the Committee if they had taken advantage of the Industrial Training Program, if they had experienced any difficulty in obtaining grants and if in their view the training assisted by these grants had

<sup>2</sup> Economic Council of Canada, *Eighth Annual Review*, 1971, page 104.

been worthwhile. On the whole employers had fewer remarks to make about training than they had about the placement function of the Division. The responses from the Boards of Trade indicated a large number of employers in those associations had never heard of the Industrial Training Program. Of those who had taken advantage of it a clear majority felt that it had been worthwhile.

Those who were critical both in their written responses and in testimony before the Committee concentrated their comments on two main problems—the selection of trainees, which must be done in cooperation with the Canada Manpower Centre, and the amount of what employers regarded as ‘red-tape’ in working out the details of the training contracts with the two levels of government involved.

Employers are told in the official literature put out by the Division promoting the Industrial Training Program;

The choice of trainees is up to you, since they are your employees. If, however, you have to hire new employees, it is the responsibility of the Canada Manpower Centre to check the training needs of the candidates and determine their eligibility.<sup>3</sup>

In practice, the range of payments directly relates to the type of trainee involved. In this way the Division exercises control over selection. Payment is withdrawn if the criteria for the training program is not adhered to. An employer mounting a program for those employees already on his payroll, who have been selected by him, receives the least amount of the financial assistance. Referrals from Canada Manpower Centres are required for the enrolment of unemployed or disadvantaged trainees.

Employers' views on the lack of sensitivity of Canada Manpower Centres to their particular needs have already been stated. Employers who complained of this aspect of the Industrial Training Program insisted that if they had more control over the choice of trainees there would be fewer drop-outs. Employers who shared the expense of mounting training courses resented the loss of their investment when trainees abandoned the course before completion.

The experience of one employer is relevant to the two main complaints of employers about training by Canada Manpower. Mr. M. R. Mallory testified that his company had sought training grants on one occasion in 1974.

The Canada Manpower representative proved most helpful in securing the necessary approvals for the training grants, even though it took two months to secure these approvals . . . we were totally unsuccessful in Canada Manpower sending us any referrals for trainee openings . . . we finally obtained the six trainees by using newspaper advertising.

We are presently running the same program again with other candidates. We made the assumption that . . . to repeat the same program would require only formal approval. Once more we were frustrated and decided to forego the grant system because of the exigencies of time for this second training program. (19:7)

The negotiations between an employer, Canada Manpower Centre, and the provincial authority can indeed be confusing for the employer and this has

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<sup>3</sup> Pamphlet: *Canada Manpower Industrial Training Program*, page 9.



undoubtedly discouraged many of them from proceeding with plans to participate in training programs assisted by the Division. The responsibilities of the two levels of government in this program are interdependent and interrelated, but for the employer who has an immediate need to train workers for his operation this double bureaucratic barrier is formidable. Another employer, Mr. A. C. Dibblee told the Committee of his experience in this regard under the earlier form of industrial training:

Paper work and reports simply overwhelmed us, and would have necessitated hiring an additional clerk, plus a welding supervisor who, we calculated, would have spent a quarter of his time on it. (19:12)

The Division has admitted that complaints of this nature by employers were valid. The Committee was told that the Division was actively exploring ways to reduce the complications in documentation.

### **Criteria for Assisting Employers in Industrial Training**

A further confusion arises from the criteria adopted by the Division to decide what level of industrial training qualifies for assistance. Mr. Manion explained that funds under the program are not used to pay for activities which an employer would normally pay for himself, "and one good indication that he would normally pay himself is that he is already running a training program." (4:27) Further, funds are only provided for the first one or two programs. Once a program is established the employer is expected to carry it on himself. This interpretation of what constitutes a new direction in training over an on-going program is a source of misunderstanding between employers and the Division. The Division appears to have been zealous in its interpretation in order to prevent employers from making what are considered to be fraudulent claims for training grants. Mr. Lefebvre assured the Committee that it is "a little more difficult to beat the system with the permanent Industrial Training Program that we now have, because it is operated under rather rigid constraint, and it is quite seriously monitored." (9:20)

Much of this confusion and misunderstanding could be cleared away. Mutual respect and rapport should be carefully fostered between the counsellor associated with the development of the industrial training contract and the employer involved in it, in the same way that confidence in making referrals for employment must be fostered and for the same reason. Employers have demonstrated that they are willing to take a much larger part in the extension of occupational training in the work situation where learning by practical experience predominates but can be supplemented by on-site classroom lessons. For the job seeker there are benefits in employer-centered instruction over institutional instruction in terms of both financial reward and experience gained.

### **Increased Emphasis on Industrial Training**

The Minister and his officials were questioned at some length about the overwhelming emphasis now placed on institutional training and about future plans of the Division regarding industrial training. The Minister acknowledged

that "there is a big element in industrial training that I do not think we have totally exploited yet." (4:24) The Division receives more requests from employers to enter into industrial training contracts than it can meet with the existing allocation of funds. It is clear that the institutional side of training commands an unreasonable proportion of training funds. As a result the Division is locked into a set of commitments to the provinces on the level of institutional training it will finance which seriously restricts the assignment of additional financial resources to the industrial side of training.

The Division is also still apparently unhappy about its relations with employers in earlier on-the-job-training programs which were discontinued when evaluation suggested that the employers were exploiting them, and little return was received for the investment in real training terms. Before any expansion in industrial training takes place the Division apparently wishes to develop enough safeguards to prevent such a program from affording a straight subsidy to those employers who participate for training they would ordinarily finance themselves.

This resistance of the Division toward assisting courses mounted by employers is unfortunate. Training an employed person to a higher usable skill opens a vacancy for someone else. Training a new entrant in the labour force in an actual work setting provides that practical experience he must have to compete in the job market.

It is now time that a substantially increased proportion of training financed by the Division should take place in the employment environment as opposed to the community college classrooms. This is not a new suggestion. As already noted it was made by the Economic Council in 1971. It was also made by the Ontario Task Force on Industrial Training in 1973 headed by Dr. W. Dymond, with whom the Committee discussed the extension of employer-centered training. The Task Force decided that there were significant advantages to be gained by placing more emphasis on this kind of training. Because it is directly linked to employers' needs it is likely to be "more cyclically sensitive to variations in the labour market than institutional training." (20:8) The apparatus of mounting courses in an institutional setting inevitably makes it more difficult to make needed changes in the volume of training. The Canada Manpower Training Program *Report on Training Outcomes* already referred to confirms this.

Dr. Dymond pointed out a further probable advantage that industrial training would likely be less costly in public resources to operate than institutional training.

A decision to reduce the institutional training component and to increase expenditures on the development and expansion of industrial training would require some difficult negotiations with the provinces who have now built up an extensive investment in buildings, equipment and staff to support the institutional training of adults sponsored by the federal government. Obviously institutional training would continue, and provincial cooperation would be required to expand employer-centered training. As the Ontario Task Force

suggested the provincial community colleges could be directly associated with the extension and application of employer-centered training. Calling on the expertise of community college staffs in curriculum development would ensure that employers put on a really effective training program. Dr. Dymond put the point to the Committee succinctly:

In other words, it is a question of matching the capacities that exist in our public training institutions with the capacities employers have to engage in training. (20:10)

**The Committee recommends that a substantially increased proportion of total training funds be used to purchase courses for adults to receive skill training in an industrial or working environment because training-in-industry can swiftly be adapted to demands of the labour market. At the same time the Committee recognizes that institutional training will continue to be required for certain skills which are better taught in the classroom and for upgrading basic educational qualifications for employment.**

### **Institutional Training in Industry**

Another approach to the present division of adult training for employment into institutional and industrial components might be found in a combination of the best elements of both, in an alternative which would draw much more directly upon the capacity of private industry to provide both training and experience. Lack of practical experience is a serious handicap for the young trainees who emerge from institutional courses with only paper qualifications. Employers are understandably reluctant to take on untried workers.

The Division should consider mounting a group of pilot projects to test an extended training program which would combine institutional style courses with training on the job site. This could be administered by approaching employers who have facilities to submit competitive bids on which contracts would be awarded to set up training courses on their premises. CMCs would refer trainees to these courses as they now do to provincial institutional training courses.

Support for trainees enrolled in these courses would differ from the present arrangement in the Canada Manpower Industrial Training Program. Under the proposed program trainees would be paid allowances during the period of instruction rather than salaries partially met by the Division and the employer-trainer. The CMC would thus retain supervision of the trainee in a course which would combine classroom and practical experience but would not necessarily imply the offer of a job with the employer-trainer upon completion of the course. Since this form of training would utilize facilities already in place it is reasonable to assume that the cost of mounting the course in a facility already organized for productive purposes would be less than the cost of present institutional training courses. Even quite small industries and institutions offering services to the public could accommodate small groups of trainees. Training given in the work environment would also be easier to monitor for effectiveness than present institutional training courses.



This alternative differs from the earlier Training-on-the-Job Program in the proposed method of administration and control. It is flexible enough to include contracts with the service sector which is providing employment for an increasingly high proportion of the labour force.

A move toward institutional training in industry would obviously still require provincial cooperation. Indeed the provinces could be expected to resist too abrupt a move away from present institutional training arrangements. Provincial sensibilities notwithstanding this proposal should be given serious consideration. Substantial benefits are to be derived from conducting training in this way which are not available through the present training programs of the Division.

**The Committee recommends the preparation of a pilot training project to explore the potential of private industry to give trainees institutional style courses combining practical experience with the theoretical background. Such institutional training in industry might be commissioned on the basis of a review of competitive tenders submitted by interested employers.**

### **Control of Future Training Expenditures**

Officials of the Manpower Division have been quite candid that the volume of training offered to job seekers in Canada needs to expand. The Minister told the Committee that the general trend of manpower policy in advanced industrial countries is to put increased emphasis on training. (4:24) In fact a complete review of the adult education/manpower training picture is now in progress. Those taking part include officials of the Division assisted by officials of other interested departments. The objective of the review is to establish the "major thrusts of the federal training policy over the next several years." (26:9) Presumably the results of this review will provide the basis for any revision of the Adult Occupational Training Act.

In comparative terms Canada's current expenditure on manpower training is higher as a percentage of the Gross National Product than Germany, France, the United Kingdom and the United States. It is second only to Sweden. (4:9) This is in large measure a result of the exceptional growth in the working age population in Canada as compared to other industrialized countries in the 1960's and early 1970's, the period during which the Canada Manpower Training Program was developed in its present form. That growth has now slowed. The Canadian labour force is becoming more mature. This alone is ample justification for re-shaping manpower training to the OECD pattern of recurrent training. The Committee accepts that. But training already absorbs nearly two-thirds of the total annual expenditures of the Division. Training courses are well attended and referrals to training fill almost all available courses supported by Canada Manpower. The Committee is convinced that while any projected expansion in total training activity should allow for reasonable growth, at the same time the Division must establish an upward limit on federal support for a program which would otherwise be limitless. Parliament

should be given a full explanation in the Annual Report of the Department of any future extensive expansion of manpower training.

Such a limitation would not mean that there could not be more effective training of more people than the present program achieves. The Committee's review of the entire training program has suggested ways in which some improvement of effectiveness might be accomplished without an expansion of expenditures. It is worth mentioning some of these again.

Control of training expenditures begins with the planning of courses. The number of training days are allotted and the CMCs are notified of the quantity of courses they may use for referrals to training. Selections are then made to fill all available places from those already assessed to be in need of retraining. While some places become vacant through illness, drop-out or because the trainee takes a job, the full utilization rate of training seats purchased in all provinces has been quite high. The Committee was told that in 1973-74 it was 82.9 per cent. (9:23) It is all the more important therefore that the Manpower Needs Committees plan the volume and content of courses in the most constructive way. That planning must be based on hard data about real and immediate needs of Canadian job seekers of all ages for employment and Canadian employers for trained employees. Courses must be relevant and responsive to current manpower demand as well as anticipate future demand as far as possible.

This can best be assured by increasing the proportion of training in the actual work environment, in both the industrial and service sectors. The present Canada Manpower Industrial Training Program and particularly institutional training in industry should be more fully exploited. The dollar cost per trainee through this controlled competitive approach should be lower than training in an institutional setting.

If there is thoughtful planning and an adjustment of allocations from institutional to industrial courses the investment of available training dollars should bring an acceptable expansion of really relevant manpower training.

The Canada Manpower Training Program now absorbs 63 per cent of total expenditures of the Manpower Division. The Committee recommends that strict control of any future expansion be exercised to ensure that this program is more directly related to the provision of immediate opportunities for employment than it appears to be at present. The justification for any future expansion should be fully explained to Parliament in the Annual Report of the Department.

To offset increases in the cost of mounting courses the Division must concentrate on improving the effectiveness of present manpower training. Courses offered should be relevant to the needs of the economy. This is most likely to result if more manpower training takes place away from formal training institutions, on the job site using the capacity of employers to provide courses.

## PART IV

### JOB CREATION



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## CHAPTER 12

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### JOB CREATION PROGRAMS

In looking at the work of the Job Creation Branch, the Committee turned its attention away from the established methods of achieving manpower policy objectives to review a group of highly visible programs developed by that Branch. Mr. Manion described the job creation program area as:

The least traditional and the most unusual program we operate. We think it is highly innovative. We believe we have only just begun to explore the possibilities of this program. (7:5)

At the end of 1975 as a result of the restriction on government expenditures arising from the anti-inflation program, some of the programs of the Job Creation Branch considered by the Committee in reviewing the Division's estimates for 1974-75 were altered or in the case of Opportunities for Youth, were terminated. The Committee's views on these programs are relevant and have been included.

The Job Creation Branch was created in 1973 to bring under unified administration three distinctive programs designed to reduce unemployment. The programs themselves in some form, however, have been in operation since 1971. These are: Opportunities for Youth (OFY), a summer student employment program which was transferred from the Department of Secretary of State; Local Initiatives Program (LIP), essentially a winter works program; and Local Employment Assistance Program (LEAP), a program directed toward raising the level of work skills of the chronically unemployed.

The genesis of these programs was the belief that a flexible approach was required to deal with the cyclical character of seasonal unemployment. The innovative aspect of this approach was the decision to draw on the direct initiative of local community groups and municipalities to originate short-term, labour intensive non-profit projects for which the federal government would pay a grant to cover the remuneration of the participants. In the beginning the prime requisite to qualify for a grant was that a project create employment for those who otherwise would be unemployed.

The breakdown of expenditures by the Manpower Division for 1973-74 shows that \$156,531,479 (or 23.80 per cent of the total) was spent to reduce unemployment through job creation programs. This money was provided through a vote in the Supplementary Estimates, the wording of which established the authority for the payment of grants "for the purposes of providing employment to unemployed workers and contributing to the betterment of the community." (Estimates 1974-75; 14-14) The job creation programs have not

been integrated as continuing programs of the Division. The need for them has been reconsidered each year and the decision to continue them has been made against the background of the current unemployment situation.

The permanent staff of the Job Creation Branch is quite small. Those working directly in the supervision of approved projects have largely been recruited on a term basis with the option of reappointment annually after the decision to continue the program was made. Thus while these direct employment programs absorbed an increasing share of the Division's budget, their contingency character has been maintained in theory and administration.

The basic concept of the job creation programs was developed in 1971 as a response to rising levels of unemployment which have not abated. The Committee was told that there is virtually nothing comparable to the Local Initiatives Program and the Opportunities for Youth Program in other countries, except those which have adopted the Canadian example. These programs have attracted a good deal of international attention and commendation. The conceptual break-through attributed to them has been the shift of responsibility for finding solutions to problems to localized seasonal unemployment from the administering bureaucracy of the Division to those directly affected. Observers from many countries have seen the Canadian application of direct job creation as providing an effective but flexible instrument of manpower policy capable of application to varied conditions and situations giving rise to unemployment.

As a measure of the effectiveness of LIP specifically the Division cited calculations originally established on the basis of the relevant figures for 1972-73 that unemployment could be reduced by .3 per cent for every \$100 million in LIP funds expended. This statistic was determined essentially to permit the effectiveness of LIP programs to be compared in dollar terms with alternative ways to reduce unemployment, but it has been widely quoted as evidence of the success of LIP. This is an unfortunate simplification of the relationship between the limited reduction in unemployment likely to result from the application of limited funds during the limited period of time authorized. The fact is that LIP and OFY grants have been concentrated on specific areas of unemployment. As Mr. Manion said, they were "not applied like a coat of paint across the country . . . Very large amounts were spent in some areas with particular unemployment problems." (7:10) The LIP 1975-76 Allocation Report showing the distribution of LIP funds by constituency and province was tabled in the Senate on February 10, 1976. It clearly indicates that LIP funds were concentrated on areas of high unemployment.

### **Opportunities for Youth (OFY)**

This program was launched in 1971 to cope with anticipated student unemployment on an unprecedented scale. To make an application for an Opportunities for Youth grant the applicant had to be of legal age to work in the province in which the project operated. Participants were generally between 16 and 25 years. For 1974-75, 8,703 project proposals were received and 3,876

projects were approved which engendered 27,525 jobs with a total commitment of \$26,335,000. (7:31) A two-tier formula for distribution of funds regionally to the 33 management areas was evolved, based on the geographic distribution of the 15 to 25 year age group according to the 1971 census, and the known number of private sector jobs normally available for students. An advisory group was attached to each management area made up of nominees suggested by members of Parliament and appointed by the Minister annually. Those appointed were required to be representative of community interests. At least one member of the advisory group had to be under 25 years of age. The Committee was assured that the bulk of applications recommended by the advisory groups were officially authorized to receive grants. (7:14)

The objective of the program was to provide short-term employment for students. In 1974 grants were about equally divided among secondary school students, and post-secondary school students from community colleges/CEGEP and universities. (7:33) Preference was given to projects that attempted to find new solutions or created new approaches to community services without duplicating existing programs. Projects developed from apparent community needs. They involved students in various types of work—social service, information, recreation, culture, environmental studies, research or business. (7:32) The balance between male and female participants was almost equal and the ratio of rural to urban projects was also about one to one. In recognition of the fact that those participants who were post-secondary school students needed more financial assistance to facilitate the continuation of their education, the wage rate per week was deliberately established at a higher rate for them than for secondary school students. Experience in the administration of this program led to the alteration of specific regulations each year. The Division obviously felt that in 1974, and in their plans for 1975, a much better defined and regulated program had been put in place.

Projects approved under this program were increasingly tightly monitored by field officers appointed by the Division. Each such officer was assigned a caseload of OFY projects and kept in constant touch with the progress of the project throughout the authorized period. Officials of the Audit Services Bureau of the Department of Supply and Services also carried out audits of OFY projects.

The criticism most often made of the Opportunities for Youth Program was that it provided employment chiefly for students with adequate family support behind them. The Division attempted to answer this criticism statistically by indicating that on the basis of the 1972 program, 51 per cent of the student participants came from families whose income was in the \$5,000 to \$15,000 range and 18.5 per cent came from families earning less than \$5,000 per annum. (7:38) But this means that just over 30 per cent of the grants still went to students from families with earnings over \$15,000 per year.

The Committee was satisfied that the OFY program was adequately monitored. Obviously only short-term objectives could be attempted by projects which were to last but ten weeks. The concept of giving responsibility for the



organization of projects and their execution to the youthful participants was a beneficial experience for many. However, OFY remained a peripheral program in the total manpower policy field. The decision to provide funds for it each year was rightly weighed against other demands to finance wider manpower objectives. In this context OFY had a low priority in the opinion of the Committee.

### **Student Manpower Programs**

It seems appropriate at this point to state that a preferable form of assistance is provided for students seeking summer employment by the continuing program mounted especially for them through Canada Manpower Centres. The Committee was told that in 1974 more than 300 Student Manpower Centres were opened. These Centres placed 216,740 students in jobs in the private sector, where 85 per cent of all summer jobs materialize. In the same summer Opportunities for Youth created jobs for 27,525. Employers have been encouraged by the Division through a deliberate campaign of advertising and by the direct appeal of officials to make employment available to students during the holiday season. The Division should continue the operation of specialized Student Manpower Centres wherever appropriate. Every CMC should have a clearly defined student employment referral activity in operation.

**The Committee recommends continuance of the Student Manpower Centres because they provide a placement facility for students seeking holiday employment as well as assisting employers who require seasonal workers. It also supports the public relations programs designed to encourage employers to provide jobs for students.**

### **Local Initiatives Program (LIP)**

The LIP program began and continues as a direct response to an economic need. In the fall of 1971 when the rate of unemployment reached six per cent in Canada LIP was initiated as a replacement for the usual *ad hoc* winter works programs. It was designed to draw on the direct initiative of local community groups and municipalities. The program provides federal contributions through individual contracts to finance labour-intensive community improvement projects of a non-profit nature. The maximum contribution per project was \$75,000 in 1974-75, and \$100,000 in 1975-76. This represents a reduction from \$200,000 in 1972-73 and \$500,000 in the first year 1971-72.

Regulations for putting a project into operation are quite precise. All projects must create not less than 15 man-months employment for a period not to exceed 26 weeks.<sup>1</sup> Project sponsors must hire workers through Canada Manpower Centres, where priority is given to suitable applicants receiving UIC benefits or welfare payments. Those hired must be Canadian citizens or landed immigrants. They may not be members of the sponsor's immediate family. The Department pays sponsors up to \$140 a week. Employee participants receive

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<sup>1</sup>Figures quoted are for the year reviewed by the Committee, 1974-75.

the local going wage up to a limit of \$115 per week. Additional funds are provided to cover mandatory employee check-off payments. Sponsors are most frequently individuals, but local government bodies, service clubs and welfare agencies, citizens' committees and recreation organizations have also been sponsors.

The allocation of funds is made according to an involved formula designed to concentrate them as much as possible in those parts of Canada where unemployment is most severe. In the period reviewed federal constituencies were used as the geographic unit of organization. A minimum of \$75,000 was allocated for application in every constituency. The effect of the recently announced restrictions will confine LIP grants to areas of high unemployment only. Total funds available for distribution in 1974-75 for LIP were \$84,356,100. In the first three years of the Local Initiatives Program approximately 44,000 applications were received of which approximately 15,000 were approved. Projects have been classified by the type of work undertaken. Grants toward the provision of social services (28.3 per cent) predominate, followed by building construction (21.8 per cent) and non-building construction (15.5 per cent).

Low income was a decisive factor in the involvement of both males and females in the Local Initiatives Program. These projects brought into the work force a small percentage of workers who had not previously been counted. Housekeeping was given as the status of 7.3 per cent of the participants immediately prior to being employed in a LIP project in 1972-73. (7:54) But LIP attracted workers primarily from among the unemployed; 30 per cent of all workers who had been unemployed before their involvement in a LIP project had been without employment for a minimum of 21 weeks; five per cent had experienced a period of unemployment longer than 50 weeks. The fact that LIP attracted participants who had been unemployed for a long time is regarded by the Branch as a major accomplishment for the program.

In sum the Local Initiatives Program created approximately 238,000 jobs in the first four years. The Division's submission discussed at length the strengths and weaknesses of the Local Initiatives Program, making it clear that the original economic objective has now been extended to include wider social goals. LIP is now seen as a means to "enhance the quality of communities through the provision of innovative and imaginative projects." The selection of projects rests ultimately with the Minister who is advised in each case by a local Constituency Advisory Group. Members of Parliament are invited by the Minister to nominate up to twelve persons to these committees. A variety of backgrounds is desirable. Representatives of local municipalities, social and voluntary agencies, and previous LIP sponsors are most frequently appointed. Nearly two hundred Constituency Advisory Groups have been established. Where no group has been formed, officers of the Division meet with community organizations and agencies to seek their advice before making recommendations to the Minister.

The Local Initiatives Program has received an increasing measure of acceptance from the public during its years of operation. There has been continuous reassessment and adaptation of the program. Each year it has been restructured to eliminate weaknesses revealed by experience. The Local Initiatives Program has proved to have the capacity for flexible application to situations unforeseen when the program was started. The provision of financial assistance up to \$500,000 by the federal government to the community of Springhill, Nova Scotia following the disastrous fire in July 1975 for example was not given as an outright grant. It was organized and controlled through a special phase of the LIP program. Approved projects were designed for immediate implementation to aid the community and to provide employment for local people.

Many LIP projects have not been welcomed on the provincial level. By their nature they have forced the pace of development of community services. Provincial and municipal authorities have been placed under pressure to find alternative funding for these services when federal support ran out. Officials of the Division were asked to describe the amount of liaison the Division had with the provinces and municipalities in deciding on priorities for LIP grants. Mr. Mackie replied that both before and after program announcements are made consultation does take place. The provinces are asked which projects they feel should be given priority; which projects "they would not be prepared to support should they create a continuing demand, largely service projects often day-care centres, sheltered workshops and the like." He gave specific details of this consultation:

During the approval process two things occur. First of all, projects are all referred to the provinces for their comments. There is no absolute veto by any means, but we seek the advice of the provinces in relation to those types of projects which, in their view, meet their priorities. In addition, at the local level, wherever possible, there is consultation with officials—not so often at the municipal level unless it directly relates to a project which would require municipal funding or municipal licence, but certainly with organizations that might be affected by the operation of the project.

The information resulting from such consultation becomes part of that which is considered when the constituency advisory group reviews projects and ultimately when the minister makes his decision. (7:8)

In spite of what would appear to be a considerable degree of prior consultation with other levels of government likely to be called upon to provide financially for the continuation of projects when LIP funds are finished, ample evidence of dissatisfaction was available to the Committee. At least two meetings have been called by provincial Ministers responsible for manpower policy during which a strong resentment about what has been termed the 'parachuting' of programs onto the provinces was voiced. The view was expressed by a provincial public servant appearing before the Committee that there is a need to involve provincial authorities to an even greater extent in the discussions about which projects will receive approval.

The people as a whole are not concerned whether you have a federal tag or a provincial tag on this. If you do something and you help them out—it may be over a short-term—they want



that project to continue. Unless there is good dialogue between the provincial and federal people something may be started which the province is not in a position to carry out afterwards. It creates a lot of problems. (21:10)

There have been many such problems. Many projects have initiated social services for neglected groups in the community which previously received only minimal voluntary support if their need had been identified at all. When the LIP money is gone the need remains. Public funds and private donations must be solicited—sometimes without success. The plight of such projects makes good press copy. In such cases, the original limited job creation benefit of the project started by a LIP grant is lost sight of, outweighed by the disappointments and distress resulting from its termination.

One of the criteria for grants in future which should be more stringently enforced is the requirement that participants in projects which have no clearly defined limits state how they will support the project when the Local Initiatives Program grant runs out. This is particularly important in the case of grants given to finance projects providing broad social services; it is unnecessary for short-term construction projects. Well over half of the projects authorized for 1973-74 for example fall into the social service category. (Table 7:47) In these instances the Constituency Advisory Group has a particular responsibility since its members have the background and knowledge of the community to anticipate the future needs of projects begun with LIP funds.

The Committee has a further concern. While the Division has improved its procedures for preliminary consultation, the Committee received evidence that the LIP program continues to arouse some provincial resentment. For this reason the consultation and selection process for LIP grants should be restructured to ensure that ample opportunity is given to other levels of government to reject proposals.

**The administration of the Local Initiatives Program has been improved to the point where it has become a useful technique for reducing the adverse effects of seasonal unemployment. The Committee recommends that the LIP program continue on a contingency basis subject to a full annual reassessment.**

**The Committee recommends that in future applications for LIP grants to initiate community projects which have no clearly defined limits must indicate how the project will be financed when the LIP grant has been spent. The consultation and selection process for LIP grants should be restructured to ensure that when a LIP project will affect provincial or municipal governments they are given an ample opportunity to reject the proposal.**

#### **Local Employment Assistance Program (LEAP)**

This program emerged from LIP when it became apparent that a number of chronically unemployed Canadians were not being assisted in any way to find jobs. Under the Local Employment Assistance Program funds are contributed to small entrepreneurial enterprises for a basic period of three years. To qualify for a grant the operation must provide employees with "occupation-

al training, life and communication skills, counselling and placement." The program directly encourages participation of employees in management. These projects fit into a long-term framework in the general community development process. Unlike OFY and LIP, proposals for projects under this program are not solicited from the public. LEAP is entirely organized and developed by the Job Creation Branch whose representatives in the region identify possible projects and foster their development in a direct social worker, caseload way.

In each of the main program areas of the Division provision has been made to meet the specialized needs of the disadvantaged. LEAP is the program under the Job Creation Branch directed specifically towards that group. For that reason support grants are authorized for a much longer time than required for seasonal unemployment programs. It was recognized that "in order to deal with the most difficult problems of people it takes time." (7:19) Federal contract funds pay for wages, employee benefits and reasonable administrative overhead costs. Theoretically over time projects should become self-supporting.

Through this program the Division is in effect providing its own on-the-job-training for the severely disadvantaged or handicapped, many of whom were considered unemployable but who have been channelled into competitive employment or have acquired management skills by way of a LEAP project. Since the beginning of the program 142 projects have begun, employing in total about 2,700 persons. For the year 1974-75, \$12 million was committed to support 126 projects which provided some 1,746 jobs. (7:73)

The Local Employment Assistance Program is directed towards assisting in yet another way the same target groups who are served by other specialized programs for the disadvantaged. The descriptive groupings listed in the analysis of the distribution of LEAP grants are "urban/rural poor, welfare recipients, handicapped, natives, inmates/ex-inmates, youth, women, social problems, and ethnic groups." (7:65) This program is one that the Division has become particularly attracted to. The Director of the Job Creation Branch told the Committee:

LEAP which...in my opinion has the greatest potential for its long term application to the really disadvantaged people who need it most, is very definitely a developmental and experimental program. We have not established the parameters of its usefulness... I suspect it can best be used in conjunction with, as it evolves, other programs such as training and economic development...it has demonstrated to a number of other federal departments and provincial departments approaches which they can and are now beginning to apply. (7:10)

There appears to be a realistic view within the Job Creation Branch of what can be accomplished by this program. Mr. Mackie acknowledged that about 20 per cent of LEAP projects "in some way, shape or form will require some continuing subsidization if they are to go on beyond the term of LEAP in that the people involved are not producing at a level that allows them to be economically viable." (7:19) There is, the Committee was told, no shortage of demands for LEAP funds and no shortage of jobs that could be created by this program. LEAP is in fact a program administered by the Division by adapting

existing services of the Division and other departments of government in a meaningful way to achieve the basic goal of helping individuals obtain personally satisfactory employment. It demonstrates the kind of controlled assistance to the disadvantaged which the Committee felt was missing in the Outreach Program.

There is, however, a measure of commitment by the federal government in sponsoring a LEAP project which does not exist in the other short-term job creation programs. This commitment carries with it the responsibility to determine as far as possible that the training received will allow LEAP project workers to sustain themselves as members of the labour force when they leave the sheltered situation of the project. Again in the end it will be the Canada Manpower counsellor who will have the job of referring these protégés of the Division to employers. It is not enough to establish the need for a LEAP project. A full and realistic assessment of the possibilities for successful placement of the participants should form an important part in the preliminary planning.

The direct objectives of the Manpower Division are being met by the expansion of the job creation concept into the concrete area of entrepreneurial activity through the Local Employment Assistance Program. But all the stages of development and operation of projects within this program must be carefully planned and monitored by responsible officers to ensure that the disadvantaged participants can ultimately become self-supporting through regular employment.

The weakness of the LEAP program which Mr. Mackie pointed out should not be minimized. There is every possibility that projects will not become self-sustaining after three years and may therefore become an expensive form of welfare. For this reason particularly LEAP projects should not be restricted to non-profit sponsorship. Projects could also be conducted by the business community if in undertaking such a contract the training employer accepted that the subsidy given by the Division with LEAP funds was provided to train the participants in skills which would provide for continued employment in that business when the grant expired.

**LEAP demonstrates the kind of controlled assistance to the disadvantaged which the Committee feels is missing in the Outreach Program. However it is not enough to establish the need for a LEAP project. A full and realistic assessment of the possibilities for successful placement of the participants should form an important part in the preliminary planning.**

The Committee recommends that contracts to provide for the establishment and supervision of LEAP projects be extended to suitable profit-making organizations which agree to accept disadvantaged job seekers for a period of training and possibly retain the trainee in employment at the conclusion of the contract training.



### Community Employment Strategy

The Minister of Manpower and Immigration together with the Minister of Health and Welfare has undertaken a lengthy review with the provinces of all the elements involved in the definition of an income security policy for Canada. In connection with this review the Manpower Division is participating in what has been designated as the Community Employment Strategy (CES). This will involve the co-ordination of community activity by all levels of government formally acknowledged by an exchange of letters of understanding between the Minister of Manpower and Immigration and the provincial or territorial governments. The objective of the Community Employment Strategy, as defined in the letters, is to assist people "who experience particular and continuing difficulty in finding and keeping satisfactory continuing employment, and who therefore tend to rely for most or all of their income on some form of transfer payment."

The Minister told the Committee that the Community Employment Strategy is a reflection of a new attitude toward those people.

It is only recently that we have begun to refuse to accept the unemployability of a great number of people who up until now have been thought of as requiring income support with no effort being made to get them into gainful activity . . . . That is what the Community Employment Strategy is all about. (4:15)

The Division does not really know how many people there are whose entry into the labour force could be made possible through this program. "Our best guess is that there may be about 400,000 workers plus families and dependents who may fall into this category." The Minister further acknowledged that this group was "generally speaking on welfare." (4:15) The so-called 'target population' of the Community Employment Strategy will also include single parents (mainly single mothers), the mentally and physically handicapped, people with low skills, ex-prisoners, ex-mental patients and native peoples. It is not the intention to focus on individuals alone but also on the types of employment situations and job barriers which contribute to their problem. The so-called community in which the new strategy will be tried has been widely interpreted. The Minister described it to a public gathering: "It could be a town, part of a city, or a rural region. It could even be that we try to help all the single parents in a province, or half of a province . . . or we could focus on native people in a given area for example."<sup>2</sup>

The federal government has announced that it will spend \$50 million over three years on some 20 pilot projects during the developmental phases of the Community Employment Strategy. The first phase involves the identification of these target groups in the selected communities. The appropriate agencies of the federal and provincial governments will then work together to find a solution applicable to their localized chronic unemployment problem. Their action will be supervised at the senior policy level by the Manpower Needs Committees in each province.

<sup>2</sup> Speech to Kiwanis Club of Grand Falls, Newfoundland, March 25, 1975.

"The LEAP program is probably the key to our efforts in job creation and it will be a spearhead of much of the Community Employment Strategy", Mr. Manion told the Committee. (7:22) In addition to LEAP, it is expected that the Division will bring into play many other existing services through the action of the Canada Manpower Centres in the target areas. All the specialized programs for the disadvantaged in both placement and training are relevant, including the services purchased from outside agencies through Outreach. The emphasis however, on the part of the Division will be to utilize as far as possible private sector jobs before extending its commitments in direct employment programs.

The new thrust in manpower policy embodied in the Community Employment Strategy is the deliberate planning of a cooperative attack on an old and widespread problem for which federal, provincial and municipal funds have long been available, but which could be more effectively applied in concert. The Minister identified the key point in the initiation of this new approach:

The most delicate part of the Community Employment Strategy, from my personal observation, is to get the break-through in recognizing that we and the provinces particularly, and beyond that the communities and other people engaged in this whole area, have to work together rather than in some kind of competition or opposition. (11:13)

To avoid raising expectations beyond the ability of the Division to fulfill them, the Division is moving cautiously to implement the Community Employment Strategy. In assuming the role of co-ordinator of all available federal and provincial as well as private resources the Canada Manpower Centres involved in CES projects can do a great deal to forward the equity objective of the Division in a most practical way. The assurance that existing resources will be used first before turning to new employment-related expenditures is welcomed by the Committee.

The Committee recommends that the Division's contribution to the Community Employment Strategy be limited to direct placement, training and the Local Employment Assistance Program. Beyond that the Division should confine its role to the co-ordination of the social services provided by other agencies.

## PART V

### THE TESTING OF MANPOWER POLICY



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CHAPTER 13

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FORECASTING, EVALUATING AND MONITORING MANPOWER  
POLICY AND ITS APPLICATION

Towards the end of the Committee's hearings one meeting was entirely devoted to an examination of the range of assessment and planning activities carried out by the Strategic Planning and Research Division which services both the Manpower and the Immigration activities of the Department. The witnesses on that occasion were Mr. D. R. Campbell, Assistant Deputy Minister, Strategic Planning and Research, and Mr. P. B. Fay, Director General, Strategic Planning and Evaluation Group. This testimony assisted the Committee to determine how effectively the policies and programs of Canada Manpower are planned and executed.

The work of the Strategic Planning and Research Division is directed toward two main objectives which were described in the *Annual Report* for 1973-74:

- The development of mechanisms for occupational forecasting and manpower planning . . .
- The collection, collation, and distribution of labour market information, and the detailed analysis and the interpretation of the impact of Departmental programs.

In terms of the total Manpower budget this Division's activities on behalf of the Manpower Division cost less than one per cent of the total expenditures for the Manpower program. In 1973-74 it utilized only 155 man-years out of the total of 8,199 man-years for the Manpower program, or 1.89 per cent. (5:30)<sup>1</sup> The work of this Division provides the statistical framework for the formation of Manpower programs and the crucial evaluation required to assess whether the objectives set out for them have been met.

The organization of the Strategic Planning and Research Division gives some indication of how it covers various duties assigned to it: Research Project Groups, Economic Analysis and Forecast Branch, Strategic Planning and Evaluation Group, Occupational and Career Analysis and Development Branch. Mr. Campbell told the Committee that his Department probably made the greatest proportional commitment to the evaluation of its programs of any federal department, that few have had more experience in the field of evaluation.

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<sup>1</sup>See also page 17 of this Report.

The idea of a basic, thorough and comprehensive evaluation was built right into the Department's structure and its philosophy about nine years ago when the Department was begun. At that time we established what was one of the very first planning and evaluation branches that any department in Ottawa had. (24:6)

In general terms the Committee agreed that the Department of Manpower and Immigration carries out an impressive range of the evaluative procedures compared to many other government departments. However, several witnesses were critical of both the technique and the accuracy of the data collected by this Division. The Committee's concern centered more on the availability of that data through publication, and the application of it to adapt and change existing programs to make them more effective in meeting their objectives.

### Forecasting

A *sine qua non* of manpower planning is an adequate system of occupational forecasting. Efforts in this area are still sadly lacking, so that the determination of the type of occupational training to be given from year to year has amounted to 'groping in the dark.' (Canadian Council on Social Development) (12:77)

The Division is confident that with the operation of its two newest forecasting tools, Canadian Occupational Forecasting Program (COFOR) and Forward Occupational Imbalance Listing (FOIL), it will no longer be 'groping in the dark' in establishing priorities for both types of courses and numbers of participants in the training program of the Department.

COFOR provides a six year forecast for the five hundred main occupations in Canada for each of the ten provinces based on the definitions in the *Canadian Classification and Dictionary of Occupations*. The first projections of future demands from this program were published in June 1975. Mr. Campbell told the Committee:

It represents the very best that can be done, in my view, given the state of the art in Canada at the moment. It is something that could not have been done nearly as well three or four years ago. The data was not available, the developed models were not available. I think it represents fairly a truly major development on the forecasting scene. (24:10)

COFOR results, however, do not pick up localized market situations or provide data for more immediate planning. This need has led to the development of Forward Occupational Imbalance Listing (FOIL) which was produced for the first time in March 1975 and will be published quarterly.

FOIL can be regarded as a short-term eclectic COFOR...FOIL is the distillation of varied indicators...both quantitative—job vacancy survey data, Unemployment Insurance claimant data, operational data, selected COFOR results, etc., and qualitative judgements of some twenty-five members of the regional economic staff, employment development specialists and headquarters employers services branch.<sup>2</sup>

While five hundred occupations are reviewed the list does not include labouring and other low-skilled occupations, agricultural occupations or profes-

<sup>2</sup> FOIL, Volume One, Number Two, June 1975, Introduction.

sional occupations requiring university training. The ratings in the FOIL reports should reflect situations of persistent excess supply or demand expected to continue in the current program planning period, thus making it possible for corrective action to be taken. "The numeric output of COFOR can be utilized in background planning and the establishment of priorities. In a day-to-day program management sense, FOIL results can be utilized for fine tuning and update."<sup>3</sup> FOIL should therefore be of great assistance to the provincial Manpower Needs Committee.

It will not be possible to judge the accuracy of these forecasts for some time. It will be even longer before their effect on manpower training programs will be evident. To a large extent the advice provided in these forecasts rests on qualitative judgements provided primarily by the district economist, on his interpretation and synthesis of information about occupational shortages. The district economist reports directly to the regional economist and through him to the headquarters' Economics Analysis Group. He is responsible for identifying manpower needs for at least two years ahead by active observation of local conditions and comparison of local needs with national and provincial projections of need. In addition to providing data for FOIL projections of occupational demand, he must also forecast other operational variables based on a continual analysis of the economy of his local area with special emphasis on the labour market. These forecasts are also designed to help CMC managers set realistic operational targets.

Dr. Dupré told the Committee that in his experience the capacity of the district economist to gather intelligence as opposed to simple numbers is very limited. (16:14) In gathering this intelligence he runs into the ingrained reluctance of the employers to make their future plans known very long in advance as well as the ingrained reluctance of the CMC counsellor to generalize on particular experience. This is a situation which must affect the accuracy of the information on which the district economist bases his judgements.

There is an overall difficulty in relying on CMC counsellors to report data required not only for forecasts but for evaluation purposes. Mr. Campbell explained their attitude to the Committee.

Their orientation as individuals is very much towards trying to help the person and trying to fill the job. Their interest is in doing that job as well as they can. Their personal interest in statistics is very low. It is we who have the interest in statistics. (24:23)

But CMC counsellors do feel that they know what is required in their own local markets and that they should be consulted, particularly about training requirements. Mr. Campbell acknowledged that "forecasting has very little to do with individual counsellors." But he assured the Committee "although they may not realize it a great deal of information that counsellors produce in statistical form enters into forecasts." (24:25)

These considerations led the Committee to the view that in spite of the improvement in forecasting occupational demands through the development of

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<sup>3</sup> Ibid



the sophisticated long-range capability in COFOR and short-term capability through FOIL, there are enough improbables in the latter to warrant a thorough assessment of the accuracy of its forecast at the end of the first year of publication.

The Committee suggests that the future forecasts of the Forward Occupational Imbalance Listing (FOIL) be assessed against information on actual occupational shortages as soon as they can be ascertained. Since the members of the Manpower Needs Committees may rely heavily on FOIL forecasts to supplement their knowledge of local needs in planning the allocation of Manpower training courses, this assessment should be immediately reported to them.

#### **Evaluation: Procedure**

The Committee was given a detailed description by Mr. Campbell of the procedure used to evaluate the impact of programs developed to implement manpower policies. The process of evaluation involves first of all an identification of the objectives the government expects the program to meet. The objectives are then translated into measureable terms and ways are developed to determine the degree to which they have been attained. The evaluation is carried out by a designated steering group which deliberately includes the program manager responsible for the particular program under evaluation. The final report consists of three parts. First, the factual phase of the evaluation including benefits, costs, statement of objectives and data on the program. To this is added the conclusions of the evaluation team and any recommendations they may have concerning the future of the program under review.

Mr. Campbell assured the Committee that the impact of evaluation reports prepared in this way had been considerable. This in part is a result of the principle established by the Division that evaluations must be independent of program management. "The evaluator has to have the ability to call a spade a spade, and he has to feel free to do so." The evaluation itself, "depends very heavily on the statistical data generated by the program itself. We spend a great deal of money on surveys of the people who have participated in the program and benefited from it." Mr. Campbell stressed the importance of the presence of the program manager in the evaluation group, of his cooperation in the collection of the administrative statistics. His presence assures, "evaluation by cooperation rather than evaluation by confrontation." (24:7)

Programs are not automatically evaluated by the Strategic Planning and Research Division. A deliberate decision is taken each time an evaluation is projected. Representatives of this Division should be brought into the earliest planning stages of any new program so that the mechanisms necessary to collect assessment data form part of the administrative framework of the program. Both Mr. Campbell and officials of the Manpower Division commented on the cost of monitoring programs. This money is well spent in the long-run and should be treated as an element of individual program budgets from the beginning.

### Cost/Benefit Analysis

Some of the data arising from the evaluation process has been given an exaggerated importance. Figures based on cost/benefit analysis were used by officials of the Manpower Division to demonstrate an astonishing degree of success for two large manpower programs—Training and Mobility. In the opinion of many witnesses cost/benefit analysis is an imperfect evaluation tool. This view emerged particularly with regard to its application in the assessment of the benefits of manpower training.

The Economic Council in 1971 commented on the use of cost/benefit analysis of manpower programs:

In large social programs, even less may be known about the relationships between programs and their ultimate results. . . . This does not rule out the use of these techniques entirely, but it does imply that they must be treated with caution. . . .<sup>4</sup>

The application of the cost/benefit formula to attribute the effects of a program not only on those directly concerned but consequently for all members of society, should be only one of several factors used in the evaluation of programs of the Manpower Division.

### Publication of Evaluation Reports and other Departmental Statistics

The Committee discussed at some length with Mr. Campbell how evaluation reports are used and distributed, and particularly which components are routinely published. The official departmental policy is that the recommendations and conclusions of these reports fall within the guidelines established by Privy Council Office to protect the confidentiality of advice which is, in essence, given to the Minister through these evaluation reports. Mr. Campbell explained:

The need for confidentiality in that respect conflicts potentially with another broad principle, which is the principle of the right and need of the public to know what it is getting for its money, to know what programs are doing and what they are achieving or not achieving. We have tried to work out a reasonable resolution. . . . We have begun to produce from them what we call statistical and analytical reports on the programs that we evaluate. . . . Those reports are available to anyone on request in both languages. . . . Any interested academic, any citizen, who wants to ask for a copy can have one. (24:8)

Mr. Campbell informed the Canadian Economic Association in June 1974 that the main statistics on the operation of departmental programs would be published quarterly in the *Canada Manpower Review* and in regional *Manpower Reviews*.

Reports prepared in cooperation with provincial governments or other federal agencies require the agreement of the other party to their release. Where a report is of sufficient general interest and quality to warrant the expense of full-scale publication it is released. . . . Other non-confidential reports, technical memoranda, and studies of limited general interest are available on request in the language in which they were written.<sup>5</sup>

<sup>4</sup>Economic Council of Canada, *Eighth Annual Review*, page 54

<sup>5</sup>"Publication and Release of Data". Notes distributed to the Canadian Economic Association, June 1974.

Since the liberalization of the publication policy in January, 1975, seven reports have been published. This new publication policy should meet the criticisms made to the Committee by Professors Meltz and Dupré and Dr. Dymond that publication of data on manpower programs was unduly restricted.

The committee welcomed the clarification of publication policies by Mr. Campbell. It appears to meet the requirements of those who wish to review the statistics relating to the Department's programs, to look at the basic data and confront the Department with it if they see fit to do so. At the same time the Committee was not satisfied that the recommendations and conclusions of evaluation reports could not under the present guidelines be released to the Committee. This was however related to a broader issue which is presently being given thorough consideration by the Joint Committee of the House of Commons and the Senate on Regulations and other Statutory Instruments and no recommendations were therefore formulated on this subject.

### **Research Projects and Consultant Studies**

As a footnote to the discussion of the publication of Departmental evaluations the Committee was provided with a complete list of the research studies carried out under the auspices of the Strategic Planning Evaluation Division, many of them assigned to outside consultants. The same criteria for publication applies to these reports. The complete list to June, 1975 comprised 261 titles grouped by topics into 14 sections. The contents represent a formidable collection of expertise generated by the Department in a field of study already very deeply penetrated by other organizations publishing detailed studies in manpower economics. It is obvious that overlapping of interest is inevitable.

**The Committee approves the new policy of publication of statistical data relating to departmental programs.**

### **Evaluation of Placement—**

#### **How Permanent is a Permanent Placement?**

Mr. Campbell described the range of evaluation activities carried out by the Division:

We normally devote the resources we have for evaluation to the examination of large programs in a financial sense, new programs whose impact is totally unknown and sometimes to purely experimental programs of one kind or another which the Department feels may well be the precursors of some major developments or better ways of doing things. (24:6)

The list of evaluation reports prepared since June 1973 submitted to the Committee bears this out. Ten of the fourteen listed evaluate new programs. Four related to the Training Program. While some specialized features of placement have been singled out—Outreach, Diagnostic Services, Student Manpower Services, the total placement activity has apparently never been given a complete evaluation. This is an omission by the Department which should be immediately rectified for a number of reasons. In the long-view, the



Committee agrees with the President of Treasury Board who has recently stated his concern that the existing concentration of evaluation activity and expenditure decisions on new policy proposals should be broadened to include more consideration of old programs.<sup>6</sup> The Auditor-General has expressed a similar concern in his Report for 1975. The activity of placement, matching job seekers to job opportunities, is certainly the longest continuing responsibility of the Division.

A review of placement activities was strongly recommended by the Economic Council of Canada in its *Eighth Annual Review* in 1971. The Council explicitly rejected the piecemeal approach to the evaluation of the vast number of individual programs carried out in the Canada Manpower Centres, because such an approach could give rise to misleading conclusions about interrelated functions. The Council was concerned that no real data was available in the public domain about the effectiveness of placement function in 1971.<sup>7</sup> No such data was available to the Committee in 1975.

The Division has routinely put forward placement figures based on the departmental definition of placement as an indicator of the flow of activity in Canada Manpower Centres. The exact definition of a placement was the subject of confusion in the Committee hearings. Mr. Manion has provided a clarification of the Department's definition in a letter to the Chairman, July 21, 1975:

The word 'placement' follows the common usage in other countries, namely that it represents an employer's firm acceptance of the worker for the vacancy notified. Some difference in definition arises as between 'permanent' and 'casual' jobs in which placements are made. Canada has accepted, for want of a better measure, the definition of a 'casual' job placement as placement in a job which is to last less than one week.

In international terms, in distinguishing between permanent and casual placement this follows German practice. The U.S. Employment Service uses a three-day criterion, the United Kingdom and France make no distinction between casual and permanent placements, and Sweden keeps no placement statistics at all. This unqualified approach to total placement statistics has led one critic of the Division to suggest that "probably not since the days when the Pentagon was churning out its Vietnam body counts, have government-supplied figures opened up such a yawning credibility gap."<sup>8</sup>

The accuracy of official placement statistics was challenged as a result of the meeting at which the panel of employers appeared before the Committee. In the course of the meeting on May 1, 1975, the Manpower Division, for reasons of its own, freely offered the Committee its detailed figures regarding placements and vacancies for each of the four companies whose representatives were witnesses that day. The employers agreed that the names and figures prepared by the Division should be given to the Committee. The Departmental representative who was present, explained that the placement figures relating to the

<sup>6</sup> quoted in *Financial Post*, October 4, 1975.

<sup>7</sup> Economic Council of Canada, *Eighth Annual Review*, page 191.

<sup>8</sup> *Financial Post*, May 24, 1975.

four companies had been taken from records of Canada Manpower Centres which listed their job orders. In comparing the Department's record with the statements made to the Committee by the companies, the official acknowledged that "we could make some minor mistakes, but generally we would get a very good general ballpark figure of what has happened for each company." (19:19)

Following the hearing of May 1, in response to a direct request from the Committee, the employers concerned studied the lists provided by the Division and reported in some detail by letter their attempts to reconcile company records of placements and referrals with the corresponding record provided by the Department.

The degree of discrepancy between these two reports is indicated in a letter to the Committee from Mr. M.R. Mallory, Manager of Rubbermaid (Canada) Limited. This was read to the Minister during the hearing on June 19, 1975 and therefore forms part of the Proceedings of that day. (26:19).

Of 22 placements claimed by the Division to have been made at Rubbermaid (Canada) Limited the company could only identify seven. Procor Limited identified a similar discrepancy. The Division showed an understandable concern when the records of persons actually named as CMC placements were denied by the companies. Both the Manpower Division and the companies have described in letters to the Committee the numerous personal contacts undertaken since the Committee concluded its hearings in an attempt to sort out the discrepancies.

The evidence of confused interpretations about placement in this correspondence alone is strong enough to suggest that the accuracy of data collected on numbers is open to challenge and that a complete review of the techniques of data collection should be made as a first step in monitoring the overall effectiveness of Canada Manpower Centres. If the department collects figures on the numbers of placements made and publishes them as evidence of its success, the figures should be correct.

It is evident that the department itself does not rely entirely on gross placement figures to judge the effectiveness of placement activities in individual Canada Manpower Centres. Mr. Manion explained in a letter to the Committee on July 17:

Over time, trends are established in the referral to placement ratio and any major variation in this established trend will indicate that something unusual is occurring and requires investigation. Of far more importance in our management information is the proportion of employers' job orders which are filled and the volume of regular placements.

Cancellation of job orders is another important indicator of the efficiency of CMC operations which are carefully monitored.

Some preliminary preparation for an overall evaluation of the placement function has been set in motion recently. A 'CMC effectiveness study' is shown amongst the current pilot projects of the Division tabled and printed on March 20, 1975. (11:83) The description of this pilot project indicates that its purpose is

to establish "a valid methodology for assessing the effectiveness of Canada Manpower Centres." Eleven Canada Manpower Centres have been randomly selected for this test. The experiments being carried out in other countries and particularly in the United States Employment Service to estimate the quality of the services that their manpower centres render were described to the Committee (5:6). They may prove useful in developing an approach suitable for the evaluation of Canada Manpower Centre operations.

Recognition of the need to improve accuracy of the reported placement statistics is evident in the memorandum 'Standards of Service' sent to all CMC managers on August 22, 1975. One of these standards states: "CMC managers will establish a quality control for their own placement operations." It is explained that "while the Department intends to develop and establish an on-going placement service evaluation process, the implementation of the CMC control system will be proceeded with immediately."<sup>9</sup>

The need for a complete evaluation of both data and performance in placement activities was discussed by many witnesses who appeared before the Committee. Dr. Meltz' statement expresses their opinion:

Knowing who you place, where you place, how successful you are, where your business is, and if you are really concentrating on a certain occupation, whether you are doing a good job at that: I could not agree more that those are the important things. (14:10)

A complete evaluation of the placement function will be difficult. To design a follow-up survey to measure the effectiveness of placement beyond one week in terms of what happens to the employee who has been placed will present a formidable problem. The collection of the data for such an evaluation will add to the burden of the counsellor who already feels that he has more than he can deal with. But there is an imperative need for an evaluation of the total placement function. Everything the Committee heard or saw about the operation of Canada Manpower Centres in their relationships with both employees and employers emphasized this need. The abundant expertise evident in the operation of the Strategic Planning and Research Division must be brought to bear on the development of the methodology required to give a truly effective evaluation of this core function of the Division.

**The Committee recommends an immediate evaluation of the placement activities of the Canada Manpower Centres. This should include a complete review of the technique of data collection to establish that published figures reflect the real effectiveness of placement, not just the numerical computation of placement transactions.**

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<sup>9</sup> Letter to the Chairman, August 21, 1975



## PART VI

## CONCLUSION

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CHAPTER 14

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## OVERCOMING THE PROBLEMS OF COMMUNICATION

Having assessed the evidence the Committee received outside of the purely departmental representations, it was overwhelmingly apparent that the Division has a problem of communication. The confusion between the real and the presumed focus of the Division's activities came through time and time again during the meetings. The Minister acknowledged this during his final meeting with the Committee.

... our policy approach to manpower has been different from the concepts held by the general public. I think to a degree we still suffer from that, because I do not think the whole story has yet penetrated as to the changes that have been taking place, those changes having been introduced more recently. (26:5)

The Committee agreed with the Minister that the whole story of the recent changes in orientation of programs has not yet penetrated. The communication problem exists on different levels in the Division's relations with both the country-wide community it seeks to serve, and within the network of its own offices. Not enough employers know how a Canada Manpower Centre operates. Too many of them use it as a source of unskilled labour only. Not enough workers know about all the services offered to help them find employment.

The Division has failed to get across to job seekers and even more to employers that its main function is to find jobs for those who are seeking them, especially the unemployed. As a result there exists an unfortunate public image of the service likely to be given to both employers and job seekers in Canada Manpower Centres. An extreme example is this quotation from a pamphlet now available in Canadian bookstores entitled, *A Canadian Guide to Successful Job Hunting*.

## CANADA MANPOWER

The federal government employment agency is the biggest and most inefficient job-aid service in the country. Because it is government controlled and operated it can never hope to be as efficient as private agencies and as such is often ignored by employers. However, for first timers and 'blue collar' workers it can be useful.<sup>1</sup>

This kind of image is in strong contrast to the prestige attached to government employment agencies in Europe. The reasons for this public

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<sup>1</sup>Ernest S. Kelly, Self Counsel Series, *A Canadian Guide To Successful Job Hunting*.

attitude toward Canada Manpower Centres are many. The Department must acknowledge them and seek out ways to correct them.

#### **Outside the Division: Use of Consultative Committees**

A beginning has been made in the extension and increasing use of consultative committees in relation to many programs. At the national level there is the Canada Manpower and Immigration Council. On the provincial level there are the Manpower Needs Committees on training programs and the Agricultural Needs Committees on farm employment problems. At the local level the Constituency Advisory Groups have been formed to assist in the selection of Local Initiatives Projects. All of these Committees have been subjected to some form of public criticism, some because they are seen as having too much representation from federal and provincial civil servants, or as partisan politically.

But these Committees do provide a means for the Division to receive the comments of those outside the Division on how program targets of the Division are being met. The direct participation of interested people, representative of different sections of the community, is an important support in program development and policy making. Mr. Gotlieb, the Deputy Minister of the department, explained that in fact the concept of consultative committees has been fostered by the Division, first in the establishment of the Farm Labour Pools.

We developed, and in fact invented, the concept as an administrative and planning tool for dealing with manpower problems in the agricultural area. It was done precisely to encourage this notion of organizations which in a way were at arms' length with the government, which stood between the bureaucracy *per se* and the individual, because of their roots in the community....basically to involve these people in helping solve manpower problems....(26:23)

The Canada Manpower and Immigration Council has been established in law and has a continuing secretariat within the Division. It has been given general duties under the Act "to advise the Minister on all matters pertaining to the effective utilization and development of manpower resources in Canada, including immigrants..."<sup>2</sup>

This Council could be used more effectively as a means of improving communications about manpower programs with the working community at large. The examples of the National Labour Board of Sweden, the German Federal Institute of Labour, and the National Commission for Manpower Policy in the United States could be studied as models for the greater utilization of this Council in the interests of the development of effective manpower policy in Canada and effective communication with involved Canadians about that policy.

In more closely defined occupational areas one-day seminars have been held for several associations of employers at which Manpower programs were discussed and the recruitment problems of the members of the association examined. This is a particularly worthwhile technique and should continue to

<sup>2</sup> Canada Manpower and Immigration Council Act, 1967-68, para. 11(a).



be promoted whenever possible with the many occupation-related employer associations.

Traditional public relations and publicity methods now employed by the Division should be re-examined. Not enough is known even by users of the manpower services about the objectives of current manpower programs. There was ample evidence from the responses of employers to the Committee's enquiries for example that they actively resist the new social orientation of these programs. This lack of understanding must be corrected if relations of employers with the Division are to become more cooperative and mutually beneficial. The information services of the department in particular have a sensitive but vital contribution to make in assisting CMCs to bring this about.

**Representatives from industry, labour and welfare agencies on the sub-Committees of the Canada Manpower and Immigration Council should be encouraged to undertake a more active role in the clarification of the Division's objectives in the community.**

**The public relations activities now carried on by the Division should be re-examined to facilitate improved public awareness of the objectives of manpower policy. The program of seminars with employer associations should be expanded.**

#### **Inside the Division: Use of Management Review Teams**

The failure in communication within the Division itself is serious. If a clear appreciation of what the Division is trying to do has been formulated at headquarters, it is not always getting through to the operational level. Evidence of this abounded. Both staff and members of the Committee who visited Canada Manpower Centres found many instances where local practice differed widely from departmental directives described in the hearings by senior management officials. This point was also made strongly several times by witnesses who had read the submissions from the Division. The comment of one employer is representative:

I must comment, however, as forcefully as I can that between what you have been told in these submissions is happening within Canada Manpower regarding their projects, their levels of efficiency and performance, and what appears to be happening in actual practice, there exists a gap of immense proportions. (19:5)

This is one of the inevitable consequences of the quite valid decision to decentralize control of the Division into five regions. Decentralization of control may be desirable as an administrative technique, but it makes it difficult for senior management of the Division to be sure there is a uniform effort to apply directives. Decentralization should extend the effectiveness of the Division, not inhibit it. The regional directors are evidently responsible for monitoring the operations of the Canada Manpower Centres within their regions. The local CMC manager is however largely autonomous.

There is a need for a monitoring activity, a need not only to evaluate the placement function as such at this point in time, but to establish some system

of performance assessment on a continuing basis for the operation of Canada Manpower Centres. This would be a much more limited assessment than the Operation Performance Measurement System (OPMS) devised by the Treasury Board which is being gradually introduced into the federal public service. It would draw on the expertise available from the Management Services Branch but not originate there.

The Committee proposes that the Division consider the establishment of intra-departmental management-consultant style teams within each region to report to the regional director. The activity of a team such as this would be entirely constructive. It should be asked to provide management advice as well as to monitor performance. Participation in such a team should be a rotating assignment with members taken from and returning to regular CMC responsibilities. It must be stressed that this should not be contracted to outside efficiency expert organizations. Teams making recommendations for the improvement of the on-going operation of individual offices should be selected from experienced officers of the Division who have served for some time in the field, in both large and small Canada Manpower Centres.

The Department already participates in a similar team assessment of performance at Canadian missions abroad where immigration officers are located. These foreign service inspection teams could serve as a model for the home service operation. In terms of post responsibilities for budget planning and operation there is much to compare between the far-flung foreign posts and the operation of individual CMCs within a network of 450 offices located across Canada.

The assessments contained in reports from the management teams would greatly increase the degree of understanding of the regional director of the operation of the individual offices within his large territory. The complete review of the operation of a CMC would give an in-depth picture of the real performance which assessments now based on sheer numbers of referrals, placements, job orders and their cancellations, training places filled, etc. do not approach. The Division is justly proud of its dedicated staff. The establishment of manpower management consultant groups from within the Division would directly assist staff in their effective promotion of the programs of the Division in the large community they seek to serve.

**The Committee recommends that the Division consider the formation of Manpower Management Teams, one for each region, drawn from the ranks of experienced manpower officers. These officers should be temporarily assigned to the Management Teams to examine the operations of individual Canada Manpower Centres, to advise managers and staff on methods to improve the efficiency of their operation and to report to management of the Division at both the regional and national level on the degree to which standards of service are being met in the field.**

#### **Concluding Observations**

The Committee has said a great deal about the need for understanding of the Division's primary responsibility to job seekers and its need for the coopera-

tion of employers in the chapters covering the four main areas of activity—placement, training, job creation and evaluation. The assessment of the programs of the Division proved to be a complex exercise. It was necessary to unravel the widely divergent interpretations of the objectives of the Department's activities, as well as to take into account the sensitivities of the provinces whose cooperation is required in some of the programs. Specific issues have been examined in each of the four areas. The recommendations relating to each area reinforce the Committee's final conclusion that the Division must initiate action to overcome not only its problems in communication with the community at large but also within the Division itself.



## APPENDIX A

## Private Submissions

Associations, Employers and Individuals submitted comments to the Committee. The Committee appreciates the time and effort involved in preparing these submissions and wishes to acknowledge their contribution in bringing this examination to a fruitful conclusion.

## ASSOCIATIONS

Bakery Council of Canada  
Toronto, Ontario

Brewers Association of Canada  
Ottawa, Ontario

Canadian Association of Equipment Distributors  
Ottawa, Ontario

Canadian Association of Movers  
Ottawa, Ontario

Canadian Construction Association  
Ottawa, Ontario

Canadian Daily Newspaper Publishers Association  
Toronto, Ontario.

Canadian Dairy and Food Industries Supply Association  
Bradford, Ontario

Canadian Drug Manufacturers Association  
Hamilton, Ontario

Canadian Electrical Contractors Association  
Toronto, Ontario

The Canadian Federation of Agriculture  
Ottawa, Ontario

The Canadian Federation of Retail Grocers  
Islington, Ontario

Canadian Food Processors Association  
Ottawa, Ontario

Canadian Institute of Plumbing and Heating  
Montreal, Quebec

The Canadian Life Insurance Association  
Toronto, Ontario

Canadian Lumbermen's Association  
Ottawa, Ontario

Canadian Paper Box Manufacturers Association Incorporated  
Toronto, Ontario

Canadian Pulp and Paper Association  
Montreal, Quebec

Canadian Restaurant Association  
Toronto, Ontario

Canadian Shipbuilding and Ship Repairing Association  
Ottawa, Ontario

Canadian Wholesale Drug Association  
Montreal, Quebec

Council of Printing Industries of Canada  
Toronto, Ontario

Housing & Urban Development Association of Canada  
Toronto, Ontario

Meat Packers Council of Canada  
Islington, Ontario

The Mining Association of Canada  
Ottawa, Ontario

Tanners Association of Canada  
Kleinburg, Ontario

Halifax Board of Trade  
Halifax, Nova Scotia

The Montreal Board of Trade  
Montreal, Quebec

The Board of Trade of Metropolitan Toronto  
Toronto, Ontario

Vancouver Board of Trade  
Vancouver, British Columbia

The Winnipeg Chamber of Commerce  
Winnipeg, Manitoba

Western Conference/Opportunities for Women  
Vancouver, British Columbia

Coin du Travailleur  
Ottawa, Ontario

Fairshare Inc.  
Montreal, Quebec

Outreach Standing Committee Yukon & British Columbia  
Surrey, British Columbia

#### EMPLOYERS

Aluminum Company of Canada Ltd  
Montreal, Quebec

Armor Elevator Canada Limited  
Pickering, Ontario

The B.C. Tree Fruits Limited  
Sun Rye Products Ltd.  
Kelowna, British Columbia

Bell Canada  
Montreal, Quebec

Bralorne Resources Limited  
Calgary, Alberta

Canada Hair Cloth Co. Limited  
St. Catharines, Ontario

Canada Permanent Trust  
Toronto, Ontario

Canadian Pacific  
Montreal, Quebec

Canadian Pacific Transport Company Limited  
Don Mills, Ontario

Canadian Tire Corporation, Limited  
Toronto, Ontario

Cantire Products Limited  
Toronto, Ontario

Coca-Cola Ltd.  
Toronto, Ontario

Cornelius Manufacturing Company Limited  
Toronto, Ontario

Crossley Karastan Carpet Mills Ltd.  
Truro, Nova Scotia

Crowe Foundry Limited  
Cambridge, Ontario

Dome Petroleum Limited  
Calgary, Alberta

Eaton's of Canada Limited  
Toronto, Ontario



Fields Stores Limited  
Vancouver, British Columbia

Fuller Brush Company Ltd.  
Burlington, Ontario

The G. W. Robinson Company Limited  
Hamilton, Ontario

Gaultois Fisheries  
St. John's, Newfoundland

General Foods Limited  
Toronto, Ontario

George Weston Limited  
Toronto, Ontario

Gould Manufacturing of Canada, Ltd.  
Niagara Falls, Ontario

The H. Krug Furniture Co. Limited  
Kitchener, Ontario

Hartz Mountain Pet Supplies Limited  
St. Thomas, Ontario

Hawker Siddeley Canada Ltd.  
Vancouver, British Columbia

Hayes Trucks Ltd.  
Vancouver, British Columbia

Heublein (Canada) Inc.  
Rexdale, Ontario

Hoffmann-La Roche Limited  
Vandreuil, Quebec

The House of Seagram Ltd.  
Montreal, Quebec

Hudson's Bay Company  
Toronto, Ontario

Industrial Mill Installations Ltd.  
Burnaby, British Columbia

Interbake Foods Limited  
Toronto, Ontario

Inter-City Gas Limited  
Winnipeg, Manitoba

J. W. Rudderham Ltd.  
Sydney, Nova Scotia

James Richardson & Sons, Limited  
Winnipeg, Manitoba

Leaver Mushrooms Co. Limited  
Mississauga, Ontario

Leigh Marsland Engineering Limited  
Waterloo, Ontario

MacMillan Bloedel Limited  
Vancouver, British Columbia

Maritime Telegraph & Telephone Company Limited  
Halifax, Nova Scotia

Massey-Ferguson Industries Limited  
Toronto, Ontario

Midland Industries  
Midland, Ontario

Nashua Canada Limited  
Peterborough, Ontario

Neonex Housing Industries  
Calgary, Alberta

Polysar Limited  
Sarnia, Ontario

Procor Limited  
Oakville, Ontario

Reimer Express Lines Ltd.  
Winnipeg, Manitoba

Reynolds Extrusion Company Limited  
Richmond Hill, Ontario

Riverside Yarns Limited  
Galt, Ontario

Rolls-Royce (Canada) Limited  
Lachine, Quebec

Rubbermaid (Canada) Limited  
Mississauga, Ontario

St. Lawrence Sugar  
Montreal, Quebec

Sicard Inc.  
Ste-Therese, Quebec

Simpsons, Limited  
Toronto, Ontario

Singer Company of Canada Ltd.  
St. Jean, Quebec

Somerville Industries Limited  
London, Ontario

Standard Structural Steel Ltd.  
Montreal, Quebec

Star Transfer Limited  
Timmins, Ontario

The Steel Company of Canada Limited  
Toronto, Ontario

Texaco Canada Limited  
Dartmouth, Nova Scotia

Velan Engineering Companies  
Montreal, Quebec

Wabco Ltd.  
Hamilton, Ontario

Wells Construction Ltd.  
Edmonton, Alberta

West Fraser Group  
Quesnel, British Columbia

The White Pass and Yukon Corporation Limited  
Vancouver, British Columbia

Woodward Stores (Vancouver) Limited  
Vancouver, British Columbia



## APPENDIX B

## WITNESSES WHO APPEARED BEFORE THE COMMITTEE

<u>Issue Number</u>	<u>Date</u>	<u>Witness</u>
4	February 13, 1975	The Honourable Robert Andras Minister of Manpower and Immigration Mr. A. E. Gotlieb Deputy Minister of Manpower and Immigration Mr. J. L. Manion Senior Assistant Deputy Minister (Manpower)
5	February 20, 1975	(From the Department of Manpower and Immigration) Mr. J. L. Manion Senior Assistant Deputy Minister (Manpower) Mr. J. A. Hunter Director of Manpower Co-ordination Branch Mr. D. G. Wallace Regional Director, Prairie Region Mr. S. Magun Chief, Quantitative Methods Division, Strategic Planning and Evaluation Group
6	February 27, 1975	(From the Department of Manpower and Immigration) Mr. J. L. Manion Senior Assistant Deputy Minister (Manpower) Mr. J. D. Boyd Director General Ontario Region Mr. Jean Lagace Chairman, Task Force, Manpower Services to Native People
7	March 6, 1975	(From the Department of Manpower and Immigration) Mr. J. L. Manion Senior Assistant Deputy Minister (Manpower) Mr. P. C. Mackie Director General, Job Creation Branch Doctor P. B. Fay Director General, Strategic Planning and Evaluation Group Miss Lynn Taylor Director, Local Employment Assistance Program (LEAP)

<u>Issue Number</u>	<u>Date</u>	<u>Witness</u>
9	March 13, 1975	(From the Department of Manpower and Immigration) Mr. J. P. Lefebvre Director General, Manpower Training Branch Dr. P. B. Fay Director General, Strategic Planning and Evaluation Group Mr. D. Toupin Director General, Manpower Client Services Branch Mr. W. J. Hurd Director, Manpower Training Branch Pacific Region Mr. J. A. Hunter Director, Manpower Co-ordination Branch Mr. G. C. Botham Director, Institutional Training Division
11	March 20, 1975	The Honourable Robert Andras Minister of Manpower and Immigration Mr. A. E. Gotlieb Deputy Minister of Manpower and Immigration Mr. J. L. Manion Senior Assistant Deputy Minister (Manpower)
12	April 10, 1975	Mr. R. Baetz Executive Director, Canadian Council on Social Development Mr. K. Collins Canadian Council on Social Development
13	April 16, 1975	Mr. W. Coke Vice President, Manpower Temporary Services
14	April 17, 1975	Dr. Noah Meltz Associate Chairman, Department of Political Economy, University of Toronto
15	April 23, 1975	Mr. Joseph Mell Chairman of the Board of Directors, Fairshare Incorporated Mr. M. Gonzales Director of Fairshare Incorporated Mr. Steven Reynolds Placement Counsellor, Fairshare Incorporated
16	April 24, 1975	Dr. Stefan Dupré Professor of Political Economy, University of Toronto and Chairman of the Ontario Council on University Affairs

<u>Issue Number</u>	<u>Date</u>	<u>Witness</u>
17	April 30, 1975	Mr. Charles Caccia Member of Parliament for Davenport, Toronto
18	May 1, 1975	Dr. André Raynauld Chairman of the Economic Council of Canada Mr. John Dawson Director of the Economic Council of Canada Mr. Robert Jenness Director of the Labour Markets Group, Economic Council of Canada
19	May 14, 1975	Mr. Malcolm R. Mallory President and General Manager, Rubbermaid (Canada) Ltd. Mr. M. C. Dressler Vice-President, Hoffmann-LaRoche Limited Mr. Norman Fust Director of Personnel, Hoffmann-LaRoche Limited Mr. A. C. Dibblee Director of Personnel, Procor Limited Mr. M. H. MacKenzie Director of Personnel, Hudson's Bay Company
20	May 15, 1975	Dr. William R. Dymond Deputy Director, Directorate for Social Affairs, Manpower and Education, Organization for Economic Co-operation and Development (O.E.C.D.)
21	May 21, 1975	Mr. W. B. Thompson Chairman of the Community College, Province of New Brunswick
22	May 22, 1975	(From the Canadian Food Processors Association) Mr. Elmer T. Banting Executive Vice-President Mr. Russell Oke Director of Administration, Libby, McNeil & Libby of Canada Limited Mr. Don Coates Employee Relations Manager, York Farm Division of Canada Packers Mr. Henry Penner Area Personnel Supervisor for Canadian Cannors Limited  (From the Canadian Restaurant Association) Mr. Jack Hemmings Vice-President Mr. Robert Spencer President of the Ontario Division, and President of Obie's Loves Families Restaurants Mr. C. Clyne Division Vice-President of Commonwealth Holiday Inns and their Director of Personnel



<u>Issue Number</u>	<u>Date</u>	<u>Witness</u>
23	May 28, 1975	<p>(From the Vancouver Board of Trade)</p> <p>Mr. Donald G. McGill President Mr. Alex E. Scoten Assistant General Manager</p> <p>(From the Montreal Board of Trade)</p> <p>Mr. E. Lorne Tracey General Manager Mr. G. S. Heath Division Personnel Manager, Canadian Eastern Division, Household Finance Corporation Mr. R. Charpentier Employee Relations Manager, Schering Corporation</p>
24	June 5, 1975	<p>(From the Department of Manpower and Immigration)</p> <p>Mr. D. R. Campbell Assistant Deputy Minister, Strategic Planning and Research Division Dr. P. B. Fay Director General, Strategic Planning and Evaluation</p>
25	June 11, 1975	<p>(From the Canadian Construction Association)</p> <p>Mr. Henry de Pujalon President Mr. Georges Desrochers Director of Manpower Resources and Labour Relations Mr. Jean Pierre Langlois Director of Labour Relations for the Construction Association of Montreal and the Province of Quebec Mr. Michel Dagenais Manpower Development and Manpower Resources Advisor for the Construction Association of Montreal and the Province of Quebec</p> <p>(From the Canadian Federation of Agriculture)</p> <p>Mr. William Hamilton Associate Executive Secretary Dr. M. Bursa Senior Economist Mr. J. McGuigan Representative of the Ontario Fruits and Vegetables Growers Association</p> <p>(From the Mining Association of Canada)</p> <p>Mr. William Costello Executive Assistant to the Managing Director Mr. Noel G. Ashby Vice-President, Community Affairs, Hudson Bay Mining &amp; Smelting Co. Ltd., Toronto</p>

<u>Issue Number</u>	<u>Date</u>	<u>Witness</u>
		Mr. Lorne M. Ames Superintendent, Personnel and Industrial Relations, The International Nickel Company of Canada Limited, Thompson, Manitoba Mr. A. T. Redden Director of Manpower Planning, Noranda Mines Limited, Toronto
26	June 18, 1975	The Honourable R. Andras Minister of Manpower and Immigration Mr. A. E. Gotlieb Deputy Minister of Manpower and Immigration Mr. J. L. Manion Senior Assistant Deputy Minister (Manpower)

















FIRST SESSION—THIRTIETH PARLIAMENT  
1974-1976

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## INDEX

### OF PROCEEDINGS

(Issues Nos. 1 to 34 inclusive)

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# THE SENATE OF CANADA

Standing Senate Committee on National Finance  
1st Session, 30th Parliament, 1974-1976

## INDEX

### Adult Occupational Training Act

Implementation, operation 4:8; 8:19-20; 9:5-6, 8, 11-21, 23, 33-7, 42, 49; 11:18; 12:7, 10, 49, 76-7; 16:8-12, 14-20; 19-A:21-3; 20:16; 21:5, 8-10; 25:26; 26:9; 34:94, 105-6

Revision 9:8, 10, 55; 26:9; 34:94, 100

*See also*

Canada Manpower. Training Programs

### Agriculture Dept.

*See*

Estimates...

### Agriculture Industry

Labour force, shortage 4:25-6; 6:13; 11:23; 14:15-6; 17:6-7, 11; 25:12-3, 19-20, 24-6

Working, living conditions 6:67-8; 11:25; 14:16; 25:12, 14, 18-20, 25, 27; 26:13

*See also*

Canada Manpower

Canadian Federation of Agriculture

### Air Canada

Government loans 8:25; 19-A:21; 32:29

Inquiry 31:7

### Air Transportation

Federal airports 8:26-7

Government subsidies

Municipal airports 31:7

Regional carriers 31:21-2

Inquiry, Panarctic Oils Ltd. aircraft crash, finances 31:5

*See also*

Mirabel Airport

STOL Air Service

### Alberta

*See*

Petroleum

### Algoma Central Railway

Gov't. contributions, rate increases foregone 10:8

### Ames, Lorne M., Superintendent, Personnel and Industrial Relations, International Nickel Co. of Canada

Canada Manpower, Estimates 1974-75 25:11, 17-8, 21

### Andras, Hon. Robert, Minister of Manpower and Immigration

Canada Manpower, Estimates 1974-75

Discussion 4:13-28; 11:8-16; 26:10-25

Statements 4:5-13; 11:5-8; 26:5-10

### Anti-Inflation Board

Staff 27:14-5

### Appropriation Acts

Legislative provisions 30:22

### Armed Forces

*See*

Canadian Armed Forces

### Armstrong, Malcolm D., Chairman, Transportation Development Agency, Transport Dept.

STOL Air Service 28:11-7

### Art Gallery of Ontario

Government grant, construction 10:9

### Ashby, Noel G., Vice-President, Industrial Relations, Hudson Bay Mining and Smelting Co.

Canada Manpower, Estimates 1974-75

### Athabaska Tar Sands

*See*

Petroleum

### Atlantic Pilotage Authority

Gov't. subsidy 32:29-30

### Atlantic Region Freight Assistance Act

Payments to companies 32:28-9

### Atlantic Richfield Canada

Syncrude project, withdrawal 10:22, 28-9

### Atomic Energy of Canada Ltd.

Estimates 19-A:18; 27:15-6; 28:5

### Auditor General's Office

Estimates 19-A:20-1

Governmental financial management, control, examination 2:5, 14, 16

### Baetz, Reuben, Executive Director, Canadian Council on Social Development

Manpower policies 12:5-22

### Banting, Elmer T., Executive Vice-President, Canadian Food Processors Association

Canada Manpower, Estimates 1974-75 22:5-22

**Barrow, Hon. Augustus Irvine, Senator (Halifax-Dartmouth)**

- Estimates... fiscal year ending March 31, 1975
  - Manpower Div.—Manpower and Immigration Dept.  
5:26-7;6:19, 25: 17:8, 11; 18:35; 19:8, 14-8; 20:13-4; 24:12;  
25:7-11, 14, 16-7, 20-4
- Supplementary "A" 1:9, 18-9
- Estimates... fiscal year ending March 31, 1976
  - Main 19-A:13
- Supplementary "B" 31:15, 19-22
- Estimates... fiscal year ending March 31, 1977
  - Main 32:10-1, 16, 21, 27-30
- Supplementary "A" 33:8, 13-5

**Benidickson, Hon. W. M., Senator (Kenora-Rainy River)**

- Estimates... fiscal year ending March 31, 1975
  - Manpower Div.—Manpower and Immigration Dept.  
5:13-5, 17, 19, 21, 25-7; 6:9, 14-6, 20, 22; 11:12, 15-8, 21-3,  
25, 28
- Supplementary "A" 1:9, 11, 22
- Supplementary "B" 2:15-6, 18-20
- Supplementary "C" 3:6, 8, 11-2, 14-5
- Supplementary "D" 8:5-6, 8-12, 14-27; 10:15-7, 20, 26, 29,  
33-4
- Estimates... fiscal year ending March 31, 1976
  - Supplementary "A" 27:10-3; 28:11, 13-7
  - Supplementary "B" 30:5-6; 31:11-22

**Bilingualism**

- Public Service 32:30

**Bill C-80, Supplementary Borrowing Authority Act, 1975**

- Purpose, discussion 29:6-19
- Report to Senate 29:4-5
- Retroactivity 28:8-11

**Botham, G. C., Director, Institutional Training Division, Manpower and Immigration Dept.**

- Academic requirements, courses 9:21

**Bourget, Hon. Maurice, Senator (The Laurentides)**

- Estimates... fiscal year ending March 31, 1975—Manpower Div.—Manpower and Immigration Dept. 20:17

**Boyd, J.D., Director General, Ontario Region, Manpower and Immigration Dept.**

- Employment service 6:5-9, 13-26

**Bread**

- Subsidies 1:14-5

**Bryant, E.G., Chief, Energy Information, Energy, Mines and Resources Dept.**

- Petroleum Compensation Program 3:8-9, 11, 13-5

**Bryce Commission**

- See*  
Royal Commission on Corporation Concentration

**Buchholz, J.E.W., Chief, Research Division, Energy, Mines and Resources Dept.**

- Interprovincial Pipe Line, Montreal extension 10:15-8

**Bursa, Dr. M., Senior Economist, Canadian Federation of Agriculture**

- Farm labour, housing, wages 25:18-20

**CFDC Act**

- See*  
Canadian Film Development Corporation Act

**CIDA**

- See*  
Canadian International Development Agency

**CMHC**

- See*  
Central Mortgage and Housing Corporation

**CRTC**

- See*  
Canadian Radio-Television Commission

**Caccia, Charles, M.P.**

- Background 17:5
- Canada Manpower, Estimates 1974-75 17:5-12

**Camp Hill Hospital, Halifax**

- Progress 27:25; 30:20

**Campbell, Dr. D. R., Assistant Deputy Minister, Strategic Planning and Research Division, Manpower and Immigration Dept.**

- Canada Manpower, Estimates 1974-75 24:5-25

**Canada Assistance Plan**

- Operation, finances 2:15; 31:18

**Canada Centre for Remote Sensing**

- Role 10:33-4

**Canada Cities Service**

- Syncrude project, involvement 10:22, 29

**Canada Development Corporation**

- Petroleum industry, role 10:26

**Canada Manpower**

- Advertising 19:15-6; 22:19; 26:12
- Agricultural employment programs
  - Canadian migrant workers 6:88; 22:6, 11-2, 14-5
- CMC services 6:9, 87; 22:6; 25:13, 20, 24-6; 26:13; 34:84
- Discussed 4:25-7; 5:22; 6:67-8; 25:13, 25
- Farm labour pools 4:26; 5:18; 6:9-10, 13-4, 70-1, 82, 89;  
25:13-4, 18, 20, 24, 26; 26:22-3; 34:83
- Federal-provincial co-operation 4:26; 6:8, 13-4, 68-9;  
25:13, 24, 26; 34:83
- Foreign, immigrant workers 4:27; 6:8-9, 69, 87-9; 11:73;  
14:15-6; 25:13-4, 19-20, 25-6; 26:13; 34:83

- Local Agricultural Manpower Boards 6:9, 14, 70; 17:9; 25:13-4, 18, 26; 34:83
- Permanent workers 6:13; 25:13
- Students, Agriculture for Young Canadians 6:13, 70; 25:14, 19-20, 26
- Canada Agricultural Manpower Committee 25:13-4, 26
- Centres
- Assisted service section 5:14, 16; 11:46-7
  - Automation, use 5:9-10, 12, 15, 23, 26; 11:62-5, 71, 83, 90-1; 14:13, 20-1, 30; 23:17; 24:23; 26:18; 34:15, 55-7
  - Brief, Manpower and Immigration Dept. 11:29-72
  - Budget 4:16
  - Casual labour pools 5:17-8; 13:7, 12-3, 16; 26:22; 34:89-90
  - Community role 34:57-9
  - Counsellors, interviews 4:8-9, 11-2, 26; 5:6, 13-6, 25, 31; 6:6-7, 21, 38-43, 91; 11:14-8, 36-40, 55; 12:68; 16:13-4, 18; 17:12; 19:14-6, 18; 22:6-7; 23:8, 13, 15-7, 32-3; 26:7, 13-4, 18, 21; 34:15, 51-5, 77
  - Hours of service, extension 34:16, 61
  - Job information centres 4:11-2, 25-6; 5:7-9, 11-4, 16, 25-6; 6:32; 7:19-20; 9:19; 11:5, 15, 35-6, 45-52, 64, 88; 12:68, 71; 14:8, 13, 18-20, 22, 29-31; 15:17; 16:12-3; 22:18-9, 22; 23:7, 10, 22; 24:23; 26:7, 11, 18, 21; 34:14-6, 48-51
  - Premises, staff 5:6, 9, 22-3, 25; 6:91; 7:7; 11:15, 32-3, 53-4; 14:17; 19:18; 23:15
  - Professional offices, placements 5:17-8; 6:25; 13:7, 12; 14:11-3, 21, 30; 17:7-8; 26:6-7, 20-1; 34:17, 87-9
  - Role, operation, importance 4:6, 8, 11; 5:5-27; 6:53; 11:31-2, 35, 38, 40-1, 70-2; 12:67; 16:7-8; 20:7; 21:7; 34:46-8, 60-3
  - Special offices 5:6; 11:33-4, 84, 87-8; 14:17, 30
  - Students, summer 4:24; 6:7, 49; 7:14, 20; 11:40; 14:29; 34:19, 121
  - Subsidiary urban offices, computer use 34:15, 55-7
  - Universities, colleges 5:19, 21; 6:7, 48-9, 93; 11:89; 19:13; 26:6; 34:88
  - Welfare placement offices 5:14, 26
  - Youth 6:21; 11:84, 90
- Client comment facility proposed 34:16, 63-4
- Community employment strategy 4:12-3, 15-6, 19-21; 7:17-8, 22; 11:6, 13, 15, 23, 72; 12:19-20, 86-8; 21:6, 10; 26:8, 24; 34:20, 58, 72-3, 127-8
- Confidentiality
- Personal records 5:15
  - Statistical information, evaluations 14:21-2, 30; 24:10-2, 17-9
- Consultative Committees 34:141-2
- Diagnostic services, employment problems 5:14, 42-3; 34:68
- Education, information services
- Canadian Classification and Dictionary of Occupations 6:21, 40-1; 11:21; 14:8; 22:8-9, 19; 34:47
  - Canadian Occupational Interest Inventory 6:41
  - Careers Canada/Careers Province 4:25; 5:18; 6:10, 21, 40; 11:10
  - Creative Job Search Technique 6:5, 18, 21, 33; 9:19, 21; 26:12; 34:66
  - Described 5:8, 13, 18-9, 25; 7:19-20
  - Directory of Canadian Employers 6:49
  - Expenditures, man-years 34:29
  - Job market information 14:21-2, 26-7, 30-1; 16:8-9; 24:10-1
  - Schools, provinces, relationship 4:25; 5:18-9; 6:7, 10, 48; 9:21; 11:10, 86-7, 89; 12:14, 96-7
- Employed, services 19:13; 26:12, 21; 34:16
- Employer services
- Adjustment Program
    - Manpower assessment incentive agreements 6:8, 15-6, 63-5, 85-6
    - Mobility agreements 6:8, 63-4
    - Purpose, activities 6:8, 62-3; 34:82-3
  - Discussed 4:25-6; 5:6, 11, 25; 6:7-8, 10, 25-6, 53-5; 11:5-8, 12, 20, 39, 41, 55; 12:6, 37-8, 66-7; 19:13, 16, 18-9; 22:8-11, 14-5, 17-9, 22-3; 23:5-8, 10-3, 15-7, 22-3, 27-9, 32, 35-7; 24:15-6; 25:5, 21, 23-4; 26:6-8, 12-4, 18; 34:14, 16-7, 74-7, 80-2
  - Job orders, taking 34:46-8
  - Manpower Consultative Service 4:26-7; 5:23; 6:10, 16-7, 64; 7:13; 9:21-2; 11:84-5; 34:82-3
  - Manpower Employer Services Branch 34:82
  - Manpower planning assistance 6:59-62
  - Visits 4:26; 5:16, 31; 6:7, 54-5, 79; 7:16; 11:12, 39-40; 12:68; 16:14; 19:7, 10-1, 18-9; 22:9; 23:7; 26:7; 34:15, 54-5, 77, 79
- Employment Service
- Brief to Committee, Manpower and Immigration Dept. 6:29-82
  - Discussed 6:5-27; 26:5-13; 34:14
  - Expenditures, man-years 34:29
- Estimates
- 1974-75 4:5-28; 5:5-31; 6:5-93; 7:5-77; 9:5-69; 11:5-94; 12:5-105; 13:5-8; 14:5-35; 15:5-18; 16:5-21; 17:5-12; 18:5-37; 19:5-22; 20:5-18; 21:5-16; 22:5-23; 23:5-37; 24:5-26; 25:5-27; 26:5-27; 34:7-155
  - Main 1975-76 19-A:21-2
- Evaluation, effectiveness 4:8-9, 19-20; 5:6-7, 17, 23-5; 11:7-8, 42-5, 83, 88-9; 12:6, 20-1, 27, 37, 40-1, 61-7, 83; 14:6-11, 21-2, 26-31; 15:16; 19:8, 20-1; 24:5-9, 11-26; 26:18-9, 25; 34:41, 130-1, 133-5
- Expenditures 4:15-6, 23-4, 27; 5:30; 11:9; 12:12; 13:5, 8; 20:7-8; 23:6; 26:5, 8-11, 27; 34:28-9
- Federal-Provincial Agricultural Manpower Committees 25:13, 24, 26
- Federal-provincial relationship 11:6, 13-4, 72; 12:6, 10, 12, 38-9; 16:8-9, 17-20; 17:5, 7-8; 21:6, 10-1, 15-6; 26:10; 34:24, 29
- Forecasting Methods
- Canadian Occupational Forecasting System 5:18-9; 12:38; 14:18; 24:9; 34:131-3
  - Discussed 6:10; 9:8, 17, 20, 54; 12:77-8; 14:18; 16:8-9; 21:11-2; 24:11, 21-2, 25; 26:9
  - Expenditures 34:29
  - Forward Occupational Imbalances Listing 24:10; 34:20, 131-3
- Grants and contributions 4:15-6; 23:8
- Handicapped, disadvantaged, service 4:20-1; 7:13, 15-6, 18, 20; 11:5-6, 8; 12:7-8, 14-5, 84-5, 87, 91, 93-4; 13:11; 26:8-9, 24, 26-7; 34:16, 27, 34-7, 52, 68, 72-3
- History 4:6; 6:71-2; 11:52-3; 14:6, 25; 34:26, 31-2
- Immigrants
- Discrimination, charged 6:24
  - Recruitment 6:15; 11:16, 25; 14:15, 18-9; 26:17; 34:67
  - Services 6:24; 9:22; 11:26-7; 26:11; 34:106
  - Students 9:22-3
  - Work permits, restrictions 9:22-3; 11:23-4, 28
- Income security review 4:12, 15, 19-20; 12:86-7
- International comparison, programs, effectiveness 4:5-6, 8-10, 21, 23-4; 5:6-9, 13, 17, 24; 6:10; 7:9, 13; 9:7-9; 11:6, 9, 20-1, 43-5; 12:6-9, 14-5, 70, 72-3, 89-105; 14:7-8, 12, 15, 19-20, 27, 29; 16:11; 17:7-8; 18:28-9; 19:7; 20:7, 11, 17; 21:11, 14; 24:10, 12, 18; 26:9, 18-21, 24



## Job creation programs

- Arts and crafts 7:19, 70
  - Brief to Committee, Manpower and Immigration Dept. 7:23-77
  - Effectiveness, evaluation 7:7, 10, 73; 18:32-3; 24:19-20
  - Expenditures 4:17; 7:11; 26:5, 11; 32:22, 29; 34:118
  - Gov't. depts., cooperation 7:7
  - International comparison 7:9; 26:9; 34:119
  - Participants, eligibility 7:14-5
  - Provinces, relationship 7:23; 12:85-6; 21:6
  - Purpose, discussion 4:16, 20; 6:12; 7:5-7, 12-3, 27, 69-73; 12:7, 82-8; 20:6-8; 26:9-10; 34:118-9
  - Student summer employment 4:24; 7:9-10; 24:14; 32:30; 34:121
  - U.I.C. role 17:6, 9-11
- Job vacancy registrations
- Amount 5:6, 11-2, 23, 31; 6:7, 16-7; 11:39-40; 19:6, 10; 23:11-2, 21, 32; 34:43
  - Cancellations, failure to fill 6:7-8, 57-9; 11:12; 14:20-1
  - Characteristics 5:11, 21-2, 24; 6:7, 15, 25-6, 55-7, 80-1, 92; 7:19; 11:21, 39, 82; 12:70; 14:18; 19:7-8, 13, 17-8; 22:9; 23:11-3, 21, 32; 34:60, 75
  - Out of town listings 34:62-3, 68
  - Procedure 22:7-9; 34:14, 91
  - Solicited 5:26-7
- Local communities, co-operation 11:56-60, 70-2; 16:14; 17:5-6, 9, 11-2; 34: 57-9
- Manpower Management Teams, proposed 34:21, 142-3
- Marketing approach 6:32; 19:10, 18
- Mobility Program
- Discussed 4:8-9; 5:19-21, 28-9, 31; 6:6, 18-9, 25, 36-8; 12:12; 14:18-9; 16:15, 18; 22:10-1; 25:14-5, 17; 34:16, 66-8
  - Effect, evaluation 4:9, 19-20; 6:19, 38; 12:79-81; 26:26; 34:67
  - Expenditures 5:20, 28; 6:6, 38, 76-7; 12:79; 14:17; 34:29, 66
  - Individuals assisted 4:8-9; 5:6, 19, 21, 29, 31; 6:5, 34, 38, 75-7; 11:39-40; 12:79; 26:26; 34:67
  - Procedures 5:20:6:18-9; 12:79
  - Promotion, lack 6:18; 12:80; 34:68
  - Recipients, subsequent activity 11:74-5; 14:18-9
- Native people, services
- Described 6:10-2, 20, 23, 46-7, 51-2; 8:14-5; 11:23-4
  - Task Force 6:22-4, 52; 11:24
- Newspaper articles 14:33-5
- Older workers, services 6:26
- Opinions, briefs
- Canadian Council on Social Development 12:5-105; 26:8-9, 26-7
  - Canadian Federation of Agriculture 25:12-4, 18-20, 24-7
  - Economic Council of Canada 18:5-37
  - Employers 19:5-22; 22:5-23; 23:5-37; 25:5-24; 26:7, 19-20
  - Fairshare Incorporated 15:5-18
  - Manpower Temporary Services 13:5-18
- Outreach Program
- B.C. Association of Non-Status Indians 6:46-7
  - Le Coin du Travailleur, Ottawa 6:45-6; 34:70-1
  - Community Action Group, Hamilton 34:71
  - Discussed 5:22, 25; 6:7, 10-3, 21-3, 26, 44-5, 47, 78; 7:17; 11; 23, 25-6, 34; 12:66-7; 26:23, 26; 34:16, 70-2
  - Expenditure 6:11, 47, 78; 12:6; 26:9, 26-7; 34:70
  - Fairshare, Montreal 6:12; 13:15-6; 15:5-18; 17:11; 26:22-3; 34:71, 87-8
  - Opportunities for Women, Ottawa 11:25

Placements 6:83-4; 11:76-81; 34:70

Pro-Feminae, Atlantic region 11:25

Part-time, temporary employment services 34:17, 40

## Placement Service

Evaluation proposed 34:20-1, 135-8, 142-3

Limitations 34:14, 44-5

Placement defined 34:136

Placements 4:8-9, 12, 14, 19-21, 23, 27; 5:6, 13-4, 17, 21-4, 31; 6:5, 7, 9, 12-3, 25, 34-5, 46-7, 58, 71, 75, 81-4, 87, 92; 11:21, 39-40, 42-4; 12:6-7, 67-9; 14:7, 10; 19:7; 24:12-3, 16, 18; 26:17, 20; 34:27, 43-4, 136-7

Private agencies, comparison, relationship 5:16-8; 6:25; 11:6, 8; 12:71; 13:6-18; 14:11-3, 27, 30; 15:5, 7, 9-10, 14-8; 17:5-8, 11-2; 19:6, 8, 10, 13-5, 20-1; 22:10, 19; 23:5-7, 10, 15-6, 22, 32; 24:22; 26:5-6, 8, 12, 17-8, 20-2; 34:17, 76-7, 85-91

Public image 34:140-1

Public relations activity 34:21, 77, 142

Public service recruitment 6:65-7

## Referrals

Defined 4:23; 26:19

Hired 19:19-20; 34:43-4

Number 5:6, 75; 11:39-40; 23:32; 34:43

Procedure, criteria, screening 5:9-10, 12-3; 6:17-8, 26; 14:8-9, 19; 19:6-7, 10, 13-5, 18-20; 20:18; 22:6-11, 19-22; 23:5-13, 16, 22-3, 32-3; 26:6-7, 18; 34:16-7, 61-2, 75-9

Quality 34:75

Registrations 4:14, 17, 23; 5:6, 14-5, 17, 19, 21, 31; 6:26; 11:7, 38, 40, 54; 17:8-9; 23:13, 16; 25:10; 34:43, 60

Renewal 34:16

Reorganization, decentralization 4:5, 7-8, 11-2, 14; 5:9-10; 6:5; 11:16-7, 31-2, 37, 56-62, 65-9; 20:11

"Repeaters", special services 5:25-6

Role, policy, philosophy 4:6-7, 10-4, 25; 5:11, 22-3, 25, 30; 6:5, 9-10, 31, 72-3; 7:12-3; 11:5-8; 12:5-10, 12, 16, 24-41, 45-7, 66-7, 89-90; 13:5-8; 14:6-7, 9, 15, 18, 24-6, 29-31; 16:7-9, 18-20; 17:5, 12; 18:26, 28; 19:8-9, 18, 21; 20:5-8, 10-1, 14, 18; 21:6; 22:9-10; 23:5, 13, 17, 32; 24:16; 25:24; 26:5-13, 16-7, 20-4; 34:13, 24, 26-8, 31-4, 143

Rural areas, services 5:22-3; 17:5, 9

## Senate National Finance Committee Report

Discussed 30:5-6, 22-3; 34:23-8

Text 34:7-155

Social workers, housing 25:14

Special Job Finding and Placement Drive 4:12, 19-21, 26-7; 6:5-6, 19-20, 33-5, 75; 11:8, 17, 27, 53; 12:61, 68-70; 24:22; 26:19; 34:16, 69-70

Special programs, projects 6:11-2, 43-4; 11:83-91; 19:17; 34:65

Special Senate Committee on Manpower and Employment, 1961 4:6

## Staff

Described, size 11:36-7; 24:5; 34:29

District Economists 16:13-4

Input, Box 320 11:66-9

Morale, turnover 11:15, 66, 69

Recruitment policy 11:14-5

Training 11:37-8; 19:14-6, 18; 22:6-7; 23:8

Statement, Minister 4:5-13; 11:5-8; 26:5-10

Testing procedures 6:26, 41-2

## Training Programs

Agricultural, farm management 6:90; 9:24-5; 21:14; 25:13-4, 24, 26

Allowances 4:15; 9:23-5, 43; 11:9, 19; 12:35, 92-3; 20:8, 13-4; 21:8; 26:9; 32:22; 34:18, 94, 106-7

Apprenticeship 4:24-5; 9:6, 41, 53, 58; 14:23-4; 20:17; 21:7, 15-6; 25:20-1, 26; 34:106

Basic Job Readiness Training 9:39-40, 53; 11:10-1, 22, 28; 26:14; 34:18, 101

Basic Training for Skill Development, academic upgrading 9:6, 13-4, 18-9, 21, 38-9, 45-7, 58, 61, 67; 11:10-1, 22, 28; 12:74; 16:7, 17; 20:16; 21:15; 26:14; 34:100-3

Brief to Committee, Manpower and Immigration Dept. 9:29-69

Disabled, vocational rehabilitation program 7:12-3, 16, 20; 9:15, 18-9, 66; 11:20; 12:72-3, 75; 16:12; 20:17

Discussed 4:6, 8, 14, 21; 6:26; 7:13, 16; 9:6; 11:6; 12:92-3; 14:22-4; 20:12-3; 23:7

Evaluation, cost-benefit analysis, effect 4:8; 9:6-7, 17-8, 25-7, 43-7, 51-2, 61, 64-5, 67; 12:20-1, 32, 35, 64, 72, 74; 14:10, 15, 22; 20:12-3; 21:8, 10-2; 24:14-5, 18, 23-5; 26:15, 25-6; 34:99, 102-5

Expenditures 4:8-10, 15-6, 23-4; 5:20; 7:16-7; 9:6-7, 9-10, 27, 33, 42, 50-3, 59, 62; 11:9, 13, 20-1, 26-8; 12:6, 10, 72; 14:17; 20:7-8; 21:9, 15; 26:5, 8, 10, 14-5; 34:19, 26, 29, 93-4, 98, 109, 115-6

Federal-provincial manpower needs committees 5:9, 19; 7:13; 9:11, 13-5, 20, 36, 54; 11:6, 12, 57-8; 12:76; 16:10; 20:9-10, 15-6; 21:7-9, 11-3; 24:25; 25:21; 26:10, 14, 16; 34:95-7, 102

Federal-provincial relationship, ADT Act 4:8; 8:19-20; 9:5-6, 8, 10-21, 23, 25, 32-7, 42, 53-4; 10:10; 11:18; 12:7, 10, 13, 49, 76-7; 14:19, 22-3; 16:11-2; 18:28-9; 19:7, 10, 12-3, 16-7; 20:8-11, 13-7; 21:5-16; 24:19, 25; 25:13, 21, 26; 26:9-10, 14-6; 34:18, 40, 93-5

Growth 9:52-3, 68-9; 26:10

History 9:5, 10, 32-4; 26:14

Improvement, development 9:8, 16, 54; 11:22; 20:10

Industrial, employer assistance 4:26-7; 6:10; 9:6-8, 14, 16, 19-20, 27-8, 34-5, 47-53, 59, 62-5, 68-9; 11:10, 12-3, 18-21, 27; 12:73, 75; 14:23; 16:11-2; 18:28-9; 19:7, 10, 12-3, 16-7; 20:8-11, 13-5, 17; 21:6-10, 13-6; 22:7, 17-8; 23:16-9, 22; 25:20-1; 26:7, 9, 15; 34:19, 98, 109-16

Institutional 9:6-7, 9, 12, 16, 18-20, 27-8, 35-47, 58-60, 66-9; 11:9-10, 12, 18-22; 12:73; 16:10-1; 18:28-9; 20:8-9, 11, 13-5, 17; 21:6-8, 13-5; 25:21; 26:9, 15-6; 34:19, 98, 102, 109-10, 113-4

Institutional training in industry 34:19, 114-6

International comparison 9:7-9; 11:9, 20-1; 12:6, 8, 72-3; 16:11; 18:29; 19:7; 20:17; 21:11, 14; 34:115

Language 9:6, 15, 18, 21, 41, 53, 55, 58, 61, 67; 11:26-8, 92; 22:20; 34:106

National standards, Red Seal Program 11:21-2

New Start 9:25, 28; 11:10, 13, 22; 12:87; 21:15

Occupational Skill Training 9:37-8, 45, 53, 58, 61, 67; 21:15; 34:18, 102-4

"One-the-Job Training for Job Creation", cancellation 24:8

Participants, characteristics, requirements 9:6, 22, 25, 28, 42-3, 49, 51-3, 55, 60, 62-3, 66; 11:19; 12:7, 73-6; 19:10, 17; 20:14; 21:5, 8-9, 12-3; 26:11, 26; 34:18, 99-100

Planning, assessment, role of business and labour 34:18, 97

Purpose, emphasis 9:13-8, 20, 34-5, 47-9, 53; 11:9, 27-8; 12:93; 16:6-9, 13, 17-8, 20; 20:8, 12, 17; 21:6, 12; 23:16-7; 26:9-11, 17

Referrals to, enrollment 5:6, 31; 6:5, 20, 34, 75; 11:19-20, 40; 12:70; 14:10; 16:12-3, 20; 19:7, 17; 20:13-4; 34:18, 94, 98, 103-5, 109, 111

Review, reorganization 9:54-5; 11:18-9; 26:9; 34:40, 115-6

Special Nfld. project, U.I. benefits 4:12; 6:12; 9:23-4, 54; 11:9, 27, 56, 91; 17:6, 10; 34:107-8

Staff, man-years 34:29, 93

Student loans, ineligibility 9:23-4

Training period, 52 week rule 34:105-6

Welfare regulations, provincial, relationship 34:18

Women, participation 6:51; 21:8; 34:99

Work Adjustment Training 9:18-20, 41, 53; 34:101

Youth 20:16; 21:5, 7-8, 13; 34:99-100

Unemployment Insurance, relationship 4:6-8, 12, 14, 17-22; 5:9, 22, 26; 6:5-6, 12, 19-20, 33-5, 75; 9:23-4, 54; 11:7-9, 11-2, 19, 27, 52-6, 85-8; 12:19, 61, 68-70, 94-6; 13:7-8; 14:17, 25; 16:18-21; 17:6-8, 12; 19:14-5, 17, 19-21; 22:21-2; 23:6, 8-9, 32; 24:22, 25-6; 25:10-1, 15; 26:7, 23; 34:24-5, 69, 77, 107-8

Unemployment Insurance Act regulations, non-discrimination 6:17-8; 26:24

Welfare system, cooperation 4:19-20; 5:9, 26; 6:5, 19-20, 33-5; 7:17; 11:8, 13, 27, 59-60, 85, 90; 12:61, 68-9; 24:22; 34:33, 68-9

Women, programs 6:6-7, 20-1, 50-1; 7:12; 11:25

Youth, programs 5:21; 6:7, 12, 21, 48-9; 11:84, 86-7, 89-91

*See also*

Local Employment Assistance Program

Local Initiatives Program

Manpower and Immigration Dept.

Opportunities for Youth Program

Work

## Canada Mining Regulations

Amendment 10:11

## Canada Savings Bonds

Payment into RRSP's, allowed retroactively 8:13-4; 10:11

Sales, redemptions 29:8-9, 11, 16

## Canada Student Loans Program

Debts, deletion 10:11

Loan limit, retroactive increase 10:11

Manpower training, ineligible 9:23-4

## Canadair Ltd.

Government loans, option 8:15-8, 27; 10:5, 10, 13; 11:17-8; 27:12; 28:5, 16

## Canadian Arctic Producers

Operations, growth 27:18

## Canadian Armed Forces

Personnel, number, salaries 19-A:12-4, 18, 23; 27:21; 32:24

*See also*

National Defence Dept.

## Canadian Association of Adult Education

Government grants 10:9

**Canadian Association of Fire Chiefs**

Gov't. grant 31:8, 18

**Canadian Broadcasting Corporation**

Advance, provision educational TV facilities to provinces, CN Tower 31:19-21  
 Estimates 19-A:25; 32:26-8  
 Government loans 1:11; 8:17, 25; 32:27-8  
 Radio advertising prohibited 32:27

**Canadian Construction Association**

Canada Manpower, opinion 25:5-17, 20-4

**Canadian Council on Social Development**

Manpower policy, brief, opinion 12:5-105; 26:8-9, 26-7  
 Purpose, structure 12:5

**Canadian Dairy Commission**

Expenditures, increase 31:5

**Canadian Dairy Commission Act**

Amendment, increase loans 28:8

**Canadian Federation of Agriculture**

Canada Manpower, opinion 25:12-4, 18-20, 24-7

**Canadian Film Development Corporation Act**

Amendment, statutory ceiling, funds 28:9

**Canadian Food Processors Association**

Canada Manpower, opinion 22:5-22  
 Membership 22:5

**Canadian Habitat Secretariat**

Estimates 31:7, 22

**Canadian Intergovernmental Conference Secretariat**

Expenses, increase 10:7

**Canadian International Development Agency**

Estimates 2:15; 8:12-3; 10:12; 19-A:6, 19; 28:7; 31:8; 32:18-20  
 Non-lapsing expenditure authorities 32:6, 18-9

**Canadian International Project Managers Ltd.**

Hartha Power Station, Iraq, loan guarantee 27:18-9

**Canadian National Railway Company**

Cooperation, B.C. Railway, construction 19-A:25-6  
 Deficit, gov't. payment 8:5, 25; 10:5; 19-A:13, 26; 30:5, 15-6; 31: 4, 21  
 Financing equipment purchases 28:8  
 Loans, gov't., private 32:28

**Canadian Overseas Telecommunications Corporation**

See  
 Teleglobe Canada

**Canadian Radio-Television and Telecommunications Corporation**

CRTC new name, functions 32:19

**Canadian Radio-Television Commission**

Estimates, increase 19-A:18

**Canadian Restaurant Association**

Canada Manpower, opinion 22:7-11, 14-23  
 Membership, purpose 22:20

**Canadian Saltfish Corporation**

Saltfish Act amendment, borrowing limit raised 31:9, 13

**Canadian Studies Foundation**

Government grant 8:24; 10:9

**Canadian Transport Commission**

Subsidies 31:21-2; 32:28-9

**Canadian Wheat Board**

Operation 19-A:18

**Caouette, Réal, M.P.**

Payment as leader Social Credit Party 8:22-3; 27:9-10

**Cape Breton Development Corporation**

Coal industry, rationalization 8:24, 27-8; 10:8; 31:19  
 Estimates 19-A:9-10; 27:24; 31:19; 32:24

**Cape Breton Development Corporation Act**

Amendment, working capital advances, ceiling 28:9

**Carter, Hon. Chesley W., Senator (The Grand Banks)**

Estimates . . . fiscal year ending March 31, 1975  
 Manpower Div.—Manpower and Immigration Dept.  
 4:21-5, 27; 5:13, 21-7; 6:5-6, 13, 15-22, 25-6; 9:7, 9-17, 19, 24, 26-8; 11:8, 14-5, 18, 21-3; 12:12-6, 21; 14:9, 17-9, 22; 15:6, 9, 11-3, 15-7; 16:8, 15-8, 20; 18:12, 17, 33-5; 20:14-6; 21:11-3, 15-6; 22:7-9, 12-3, 16, 18-9; 23:6, 8-10, 16-7; 24:9, 12-6, 24-6; 26:16-8, 20, 22-3  
 Supplementary "A" 1:6, 11-2, 17, 19, 22  
 Supplementary "B" 2:8-9, 14  
 Supplementary "C" 3:9-10, 12, 14-5  
 Supplementary "D" 8:6, 12, 17, 20, 22-3, 27-8; 10:27-8  
 Estimates . . . fiscal year ending March 31, 1976  
 Main 19-A:10-3, 15-6, 18, 21-2, 24-7  
 Supplementary "A" 27:10-1, 20-3, 25  
 Supplementary "B" 30:9-10, 12, 14-6, 20-1; 31:13-5, 20-2  
 Estimates . . . fiscal year ending March 31, 1977  
 Main 32:13-26

**Carter, Hon. Chesley W., Senator (The Grand Banks), Committee Acting Chairman**

Estimates... fiscal year ending March 31, 1975—  
 Manpower Div.—Manpower and Immigration Dept.  
 25:5-6, 8, 10-6, 19-24

**Central Mortgage and Housing Corporation**

Estimates, Supplementary (A), 1975-76 28:7



- Finance Minister, loans 1:9,11  
Rural and Native Housing Program 25:19
- Charpentier, R., Montreal Board of Trade**  
Canada Manpower, Estimates 1974-75 23:13-9
- Chief Electoral Officer**  
Expenditures 19-A:9
- Chrétien, Hon. Jean, President of Treasury Board**  
Estimates 1974-75  
Main  
Discussion 1:7-20  
Statement 1:6-7  
Supplementary (A) 1:20-2  
Supplementary (B)  
Discussion 2:7-14, 16-9  
Statement 2:7  
Supplementary (D) 8:5-12  
Estimates 1975-76  
Main 19-A:7-18  
Supplementary (A)  
Discussion 27:6-25  
Statement 27:5-6  
Supplementary (B)  
Discussion 30:6-15  
Statement 30:5  
Estimates 1976-77  
Main 32:8-17  
Supplementary (A)  
Discussion 33:8-10  
Statement 33:7-8
- Cities**  
See  
Municipalities
- Cliche Commission**  
See  
Quebec Royal Commission of Inquiry Into Construction Union Freedoms
- Clyne, C., Member of Executive, Canadian Restaurant Association**  
Canada Manpower, Estimates 1974-75 22:8-9, 19
- Coal**  
Energy use, feasibility, production 10:31-3
- Coates, D., Member, Canadian Food Processors Association**  
Canada Manpower, Estimates 1974-75 22:15-6, 21-2
- Cocks, J. H. M., Advisor to Committee**  
Canada Manpower, job creation programs 7:22
- Coke, W., Vice-President and General Manager, Manpower Temporary Services**  
Background 13:5-6  
Canada Manpower, private agencies, relationship 13:5-18
- Collins, K., Program Director, Income Security, Canadian Council on Social Development**  
Manpower policies 12:9-14, 18-21
- Committee on the Operation of the Abortion Law**  
Finances 31:5
- Communications Dept.**  
CRTC estimates, increase 19-A:18
- Company of Young Canadians**  
Activity, expenses increase 8:24; 10:8  
Phase-out 31:6-7
- Consolidated Computer Inc.**  
Restructuring conversion of debt to equity 31:9, 11, 14
- Construction Industry**  
Canada Manpower programs 25:14-5, 20-1  
Construction Industry Commission (Quebec) 25:15  
Employment system, union hiring halls 25:5-10, 15-7  
Importance, economic 25:8  
See also  
Canadian Construction Association
- Consumer and Corporate Affairs Dept.**  
See  
Estimates...
- Costello, William, Executive Assistant to Managing Director, Mining Association of Canada**  
Canada Manpower, Estimates 1974-75 23:5-11, 16-8, 21-4
- Côté, Hon. Jean-Pierre, Senator (Kennebec)**  
Estimates... fiscal year ending March 31, 1975—  
Supplementary "A" 1:15
- Cousineau, Guy, Chairman of Loto Canada**  
Estimates, Supplementary (A) 1976-77 33:10-6
- Criminal Code**  
Lotteries, provisions 33:6, 9-10, 13-5
- Croll, Hon. David A., Senator (Toronto-Spadina)**  
Estimates... fiscal year ending March 31, 1975  
Manpower Div.—Manpower and Immigration Dept.  
4:13, 18-20; 5:7, 10, 17-22; 7:11, 13, 16-22; 9:7-10, 12, 16-8;  
11:7, 13, 16, 18, 21, 24, 28; 12:5, 10-1, 13-20, 22; 13:5, 12-4;  
14:5-9, 12, 15-6, 18-9; 17:5-12; 18:17, 19, 23, 26, 31, 36-7;  
19:5-6, 8, 10-1, 15-6; 22:8-12, 14, 16-8; 23:7, 9-10, 13-7, 19;  
24:5, 13, 15-8, 21, 24-5  
Supplementary "A" 1:6-7, 9-10, 14-6  
Supplementary "B" 2:9-10, 12-3  
Estimates... fiscal year ending March 31, 1976—Main  
19-A:7-8, 11-3, 17-8  
Estimates... fiscal year ending March 31, 1977—Main  
32:9-17

**Crown Corporations**

Establishment by letters patent 33:6-7, 9, 12

Gov't. loans, payments 32:26-7

*See also*

Specific Crown corporations

**DREE**

*See*

Regional Economic Expansion Dept.

**Dagenais, Michel, Canadian Construction Association**

Union hiring halls 25:15-6

**Dawson, John, Director, Economic Council of Canada**

Manpower Institutional training 18:29

**de Havilland Aircraft**

Government ownership, loan 8:27; 27:12, 28:5, 16

**de Puyjalon, Henry, President, Canadian Construction Association**

Canada Manpower, Estimates 1974-75 25:5-17, 23-4

**Defence Dept.**

*See*

Estimates... National Defence Dept.

**Demographic Policy**

Importance 4:18; 26:17

**Desruisseaux, Hon. Paul, Senator (Wellington)**

Estimates... fiscal year ending March 31, 1975—

Manpower Div.—Manpower and Immigration Dept.  
7:5; 18:5, 8, 12, 14, 23; 19:12; 20:9, 12-3; 22:9; 24:9-10, 12,  
18

Estimates... fiscal year ending March 31, 1976—

Supplementary "B" 31:16-8, 21

**Dibblee, A. C., Director of Personnel, Procor Ltd.**

Canada Manpower, Estimates 1974-75 19:11-22

**Dressler, M. C., Vice-President, Hoffmann—LaRoche Ltd.**

Canada Manpower, Estimates 1974-75 19:9-10, 14-21

**Dupré, Dr. Stefan, Professor of Political Economy, University of Toronto**

Background 16:5

Canada Manpower Training Program 16:5-21

**Durocher, George, Director of Manpower Resources and Labour Relations, Canadian Construction Association**

Canada Manpower, Estimates 1974-75 25:7, 10, 14, 16, 20-1

**Dymond, Dr. William R., Deputy Director, Directorate for Social Affairs, Manpower and Education, OECD**

Background 20:5

Canada Manpower, Estimates 1974-75 20:5-18

**ECC**

*See*

Economic Council of Canada

**EDC**

*See*

Export Development Corporation

**Economic Council of Canada**

Labour market study 18:5-27, 29-31, 33-7

Recommendations, manpower policy 4:6; 12:47; 18:26, 28-9,  
32-3

**Economy**

Outlook 20:6

Productivity, growth, GNP 1:15-7; 12:21, 34-7, 40; 18:5-6,  
33-5

**Ediger, Nicholas, President, Eldorado Nuclear Ltd.**

Estimates, Supplementary (D) 1974-75, EMR Dept.  
10:23-6, 29, 34

**Education**

Federal grants, post-secondary 26:16; 32:11-2

Manpower, occupational, language training 8:19-20; 10:10;  
30:17; 31:6, 23

*See also*

Canadian Association of Adult Education

**Eldorado Nuclear Ltd.**

Gov't. payments for exploration 8:11-2, 17; 10:11, 34

Role 10:26

**Employment Agencies**

*See*

Canada Manpower. Private employment...

**Energy, Mines and Resources Dept.**

*See*

Estimates...

Petroleum Compensation Program

**Energy Supplies Allocation Board**

Auditor General, reports 3:9

Estimates 3:6-7; 32:6

Functions

Companies' claims, first examination 3:9

Long-range interruption plans 3:8-9

Funding 2:18; 19-A:9

Status, Energy Supplies Emergency Act 3:8

*See also*

Petroleum Compensation Program

**Environment Dept.**

*See*

Estimates...

**Equalization Payments**

Formula, operation 19-A:14, 16

Petroleum Compensation Program, relationship 19-A:11, 16-7

#### Estimates, Main, 1974-75

Amounts tabled, review 1:7  
 CBC, loans, discussion 1:11  
 Collective bargaining process, cost 1:18  
 Crown corporations, auditing 1:10  
 Defence capital project 1:18  
 Family Allowances, increase, protection 1:9, 12, 14  
 "Forecast expenditures", explanation 1:8-9  
 Functional classification 1:8  
 'General Research', inconsistencies 1:7-8  
 GNP, increase, prediction 1:15-7  
 Grants and contributions  
   Distinction, audits 1:10-1, 15, 18  
   Interest rates 1:15  
 Inflation, effects 1:13, 19  
 Man-years budget restraints, Public Service salaries, growth 1:13, 18-9; 2:6  
 National Defence, increase 1:12  
 Net debt, national debt per capita 1:11-2  
 Non-budgetary items, private sectors 1:18  
 Oil subsidies, eastern provinces, transfer payments 1:13, 16-7  
 One dollar items, explanation 1:11  
 Operations financed, July-October, special warrants 1:7  
 Post Office, increase 1:12  
 Program cancellation, revenue shift, ministerial priorities 1:13-4  
 Report to Senate 1:5  
 Research and development expenditures 1:8  
 Statement, President of Treasury Board 1:6-7  
 Statutory payments, inclusion, explanation 1:7  
 Subsidies  
   Bread, cost, continuation 1:14-5  
   Fishing industries, inventories 1:17-8  
   Milk, cost, discontinuation 1:14-5  
 Urban Affairs programs—Assisted Home Ownership Program 1:9-10  
   *See also*  
 Canada Manpower

#### Estimates, Supplementary (A)—1974-75

Labour Dept., Information Canada, Revolving Fund 1:22  
 Non-budgetary items  
   Indian Affairs and Northern Development Dept., Economic development fund, explanation, success 1:20-1  
   Petroleum products, price subsidization 1:7, 20, 22  
   Total expenditures 1:20  
   Two-price wheat program 1:7, 20, 22  
 Report to Senate 1:5  
 Statement, President of Treasury Board 1:6-7

#### Estimates, Supplementary (B)—1974-75

Canada Assistance Plan, operation 2:15  
 Economic development, supply  
   Canadian National Railways 2:7  
   Commercial fishing vessels, construction, subsidies 2:7-9  
   Glac Bay heavy water plant 2:7, 19

Northern Canada Power Commission 2:7  
 Energy Supplies Allocation Board, funding 2:18  
 Equalization payments, provinces 2:10-1  
 Expenditures, budgetary 2:5  
   External Affairs Dept., CIDA, share purchases, Caribbean Development Bank 2:15  
   Farm Products Stabilization Account, provision 2:7  
   Federal government, publication 2:11-2  
   Federal-provincial Fiscal Arrangements Act, payments 2:7  
   Freight rates, compensation 2:5, 7  
   Hospitals, universities, contributions 2:7, 16  
   Industrial milk subsidies, doubled 2:7, 15  
   Inflationary pressures 2:7, 9-10  
   Law Reform Commission; information allotment 2:12-3  
   Man-years, total authorized number, increases, problems 2:16-8  
   National Defence Dept.  
     Expenditures, significance 2:10-1  
     NATO infrastructure, budget increase 2:8, 10  
   One dollar items, transfer items, grants authorization 2:7, 15-6  
   "Planning, Programming, Budgeting System" (PPB), explanation 2:12-3  
   Pulp and Paper Research, contributions 2:19  
   Report to Senate 2:5-6  
   Social measures  
     Indians, economic development 2:7, 19  
     Local Initiatives Program 2:7, 20  
   Statement, President of Treasury Board 2:7  
   Total, increases 2:5, 7  
   Treasury Board, control, expenditures, Information Canada 2:13-4

#### Estimates, Supplementary (C)—1974-75

Energy, Mines and Resources Dept., petroleum, compensation payments 3:5, 6-16  
 Report to Senate 3:5  
 Statement, Minister of Energy, Mines and Resources 3:6-7

#### Estimates, Supplementary (D)—1974-75

Agriculture Dept.  
   Vote 5d—Research, operating expenditures, transfer funds 10:6  
   Vote 20d—Production and Marketing, contributions, transfer funds 10:6  
   Vote L26d—Racetrack Supervision Revolving Fund, extension authority 10:10  
 Appropriation Acts, amendment 10:10  
 Consumer and Corporate Affairs Dept.  
   Combines legislation, examination Banking Trade and Commerce Committee 8:8  
   Vote 1d—Administration, program expenditures, transfer funds 10:6  
   Vote 5d—Grants to consumer associations 10:8  
   Vote 15d—Combines Investigation and Competition Policy, transfer funds 10:6  
   Vote 25d—Grant, World Intellectual Property Organization, copyright 8:8; 10:8  
 Debts deleted 10:9-10  
 Energy, Mines and Resources Dept.



- Canada Centre for Remote Sensing 10:33-4  
 Vote 1d—Administration, program expenditures, transfer funds 10:6  
 Vote 5d—Interprovincial Pipe Line Montreal extension, deficiency agreement 8:8-11; 10:5, 10, 15-22, 26  
 Vote L12d—Syncrude Project, Athabaska Tar Sands 10:5, 22-31, 33  
 Vote 15d—Aerial survey program, transfer funds 8:10-1; 10:6  
 Vote 47d—Eldorado Nuclear Ltd., payment for exploration 8:11-2, 17; 10:11, 34  
 Environment Dept.  
 New Major Capital Projects 8:12  
 Vote 1d—Administration, program expenditures, transfer funds 10:7  
 Vote 15d—Fisheries and Marine grants, contributions, groundfish industry 8:6, 12; 10:11-2  
 Vote L17d—Advances, fishermen affected by severe ice conditions 8:12  
 Vote 20d—Weather forecasting, reporting, transfer funds 10:7  
 Vote 30d—Crop loss payments, transfer funds 10:7  
 Expenditures  
 Breakdown, operating, capital, investment 8:7-8, 11-2, 16-7; 10:5  
 Capital, approval method 8:23  
 Increase 8:6-7; 10:5  
 External Affairs Dept.  
 CIDA, examination House of Commons Committee 8:12-3  
 Vote 10d—Grant, La Maison Canadienne, Paris 10:8  
 Vote 26d—CIDA, forgive loans to EDC, authorize EDC forgive loans to Bangladesh 10:12  
 Finance Dept.  
 Federal Provincial Fiscal Arrangements Act, payments 8:13  
 Vote 1d—Canada Student Loans Act, retroactive limit increase; debt deletion 8:13; 10:11  
 Vote 17d—Canada Savings Bonds, payment into RRSP's 8:13-4; 10:11  
 Vote L18d—International Monetary Fund, clarification obligation 10:11  
 Gov't. assets, valuation 8:7  
 Governor General and Lieutenant-Governors, pensions 8:14  
 Grants 10:8-9  
 Indian Affairs and Northern Development Dept.  
 Native programs, expenditures 8:14-5, 27; 19-A:20  
 Vote L24d—Loans to Indian and Inuit Associations... James Bay Development Project 8:15  
 Vote 30d—Northern Affairs, amendment Canada Mining Regulations; deletion debts 10:11  
 Vote 40d—Northern Affairs, transfer NWT gov't. 10:12-3  
 Industry, Trade and Commerce Dept.  
 Vote 1d—General Adjustment Assistance Program, extension authority 10:10  
 Votes L26d, L27d—Loans to Canadair Ltd. 8:15-8, 27; 10:5, 10, 13; 11:17-8  
 Justice Dept.  
 Vote 10d—Grant, l'Institut International de Droit d'Expression Française 10:8  
 Vote 15d—Supreme Court of Canada, transfer funds 10:7  
 Vote 25d—Law Reform Commission of Canada, transfer funds 10:7  
 Labour Dept.  
 Information Canada, Expositions Revolving Fund 8:18-9  
 Multiculturalism, responsibility 8:18-9  
 Vote 1d—Grants, workers assistance 10:8-9  
 Manpower and Immigration Dept.  
 Adult Training Program 8:19-20  
 Vote 10d—Occupational training, extension Capital Assistance Phase-Out Program 10:10  
 National Defence Dept.  
 Vote 1d—Cadet program, females eligible; increase operating expenditures 8:20-1; 10:11  
 National Health and Welfare Dept.  
 Old Age Security 8:21-2; 10:5, 14  
 Vote 25d—Medical Services, transfer funds 10:7  
 Vote 45d—Grants, family assistance, immigrants 10:9  
 One dollar items 8:10-1, 20; 10:5-13  
 Parliament  
 Vote 5d—House of Commons, payment to Leader Social Credit Party 8:22-3  
 Privy Council  
 Vote 5d—Canadian Intergovernmental Conference Secretariat, transfer funds 10:7  
 Public Service, growth 8:28  
 Public Works Dept.  
 Accommodation Program, New Major Capital Projects 8:23-4  
 Mirabel Airport, acquisition peripheral land from Transport Dept. 8:25-6  
 Vote 1d—Administration, program expenditures, transfer funds 10:7  
 Vote 5d—Gov't. specifications system, transfer funds 10:7  
 Vote 20d—Deletion debts, shipbuilding company 10:9  
 Vote 25d—Shore protection, St. Lawrence R., transfer funds 10:7-8  
 Regional Economic Expansion Dept.  
 Vote 1d—Reimbursement, Prairie Farm Rehabilitation Stores Working Capital Advance Account, obsolete stores 10:9  
 Vote L12d—Working Capital Advance Account, Prairie Farm Rehabilitation Administration 8:24; 10:13  
 Vote 30d—Payment to Cape Breton Development Corporation, coal industry, transfer funds 8:24, 27-8; 10:8  
 Report to Senate 10:5-14  
 Revolving, operating, working capital funds 8:7, 18-9, 24-5; 10:5, 9-10, 13  
 Secretary of State Dept.  
 Vote 15d—Grants, Arts and Culture 10:9  
 Vote 20d—Grant, Canadian Studies Foundation 8:24; 10:9  
 Vote 35d—Grants, Citizenship 10:9  
 Vote 60d—Company of Young Canadians, transfer funds 8:24; 10:8  
 Vote L74d—National Film Board operating account 8:25  
 Vote 90d—National Museums of Canada, grant, Art Gallery of Ontario 10:9

## Solicitor General's Dept.

Vote 5d—Reimbursement Working Capital Advance Accounts, obsolete stores 10:9-10

Vote 20d—Reimbursement RCMP Clothing and Kit Working Capital Advance Account, obsolete shoulder badges 10:10

Statement, President of Treasury Board 8:5

Statutory expenditures committed, discussion 8:11

## Supply and Services Dept.

Revolving funds 8:7; 10:5

Transfers 10:6-8

## Transport Dept.

Expenditures 10:5

Payments to Railway and Transportation Companies 8:27

Vote 20d—Airports Revolving Fund, Mirabel Airport, land transfer to Public Works 8:25-6; 10:13

Vote L30d—Self-Supporting Airport and Associated Ground Services 8:26-7

Vote 45d—Contributions, railway companies (ACR, THBR), transfer funds 10:8

Vote 55d—STOL Demonstration Service, transfer funds 10:8

Vote 68d—Payment to CNR 8:5, 25; 10:5

Vote L125d—Loans to Air Canada 8:25

## Treasury Board

Vote 5d—Contingencies vote, salary increases 8:5

## Veterans Affairs Dept.

Expenditures 10:5

Vote 5d—Welfare Services, deletion debts 10:10

Vote 30d—Pensions, deletion debts 8:27; 10:10

Vote 45d—Treatment Services, deletion debts 10:10

**Estimates, Main 1975-76**

## Agriculture Dept.

Decrease 19-A:9

## Communications Dept.

CRTC, increase 19-A:18

## Energy, Mines and Resources Dept.

Atomic Energy of Canada Ltd. 19-A:18

Decrease 19-A:9

## Environment Dept. Fisheries and Marine

Shipbuilding loans 19-A:26-7

Small harbours 19-A:18-9

## Expenditures

Breakdown, changes 19-A:5-15

Supplementary Appropriation Acts 19-A:6, 19-20

## External Affairs Dept.

CIDA, non-lapsing funds 19-A:6, 19

Major capital projects 19-A:19

## Finance Dept.

Auditor General's Office 19-A:20-1

Public debt charges, increase 19-A:10, 19-20

Fiscal transfer payments, equalization 19-A:11, 14, 16-7

## Indian Affairs and Northern Development Dept.

Expenditures; land claims 19-A:20

## Labour Dept.

Information Canada, Expositions Revolving Fund 19-A:21

## Manpower and Immigration Dept.

Manpower Program 19-A:21-3

Unemployment Insurance 19-A:9, 22

Multiculturalism, Labour, Secretary of State Depts. 19-A:14

National Defence Dept. 19-A:12-4, 17-8, 23

National Health and Welfare Dept.

Increase, Medicare, Health Manpower 19-A:11, 24

Old Age Security 19-A:8-9, 23-4

National Revenue Dept.

Staff 19-A:12

## Privy Council

Chief Electoral Officer 19-A:9

## Public Works Dept.

Role, building program 19-A:24-5

## Regional Economic Expansion Dept.

Cape Breton Development Corp. 19-A:9-10

Report to Senate 19-A:5-6

Science and Technology Ministry 19-A:25

## Secretary of State Dept.

CBC, increase 19-A:25

## Solicitor General's Dept.

Staff increase, Correctional Service, RCMP 19-A:12

Statement, President of Treasury Board 30:5

## Transport Dept.

CNR 19-A:13, 25-6

## Treasury Board

Cost of living bonus 19-A:10

Student summer employment program 19-A:26

Urban Affairs Ministry 19-A:26

**Estimates, Supplementary (A)—1975-76**

Acts, extension, amendment 28:8-9

## Agriculture Dept.

Vote 40a—Health of Animals, Brucellosis Program 27:5, 14

Vote 50a—Canadian Dairy Commission, amend Act, increase loans 28:8

Appropriation Acts, amendment 28:7

## Consumer and Corporate Affairs Dept.

Vote 35a—Anti-Inflation Board, staff 27:14-5

## Energy, Mines and Resources Dept.

Vote 5a—Mineral and Energy Resources, tidal power studies 27:15

Vote 25a, L51a—Atomic Energy of Canada Ltd. 27:15-6; 28:5

Vote 65a—Petroleum compensation program 27:5-7, 12-3, 16; 28:4-5

## Environment Dept.

Vote 15a—Fisheries and Marine, groundfish program 27:16

Examination by House of Commons 27:12; 28:17

## Expenditures

Annual increase, 15 p. 100 limit 27:6-8, 10-1; 28:4

Public Service, growth, control 27:10-1

## External Affairs Dept.

Vote L17a—Working Capital Advance Account 27:16; 28:5

Vote 30a—CIDA, grants, Multilateral Assistance, International Emergency Relief 28:7

Vote L36a—Inter-American Development Bank 27:17-8

## Finance Dept.

Public debt charges 27:5-7, 11, 16; 28:4-5

Vote 11a—Payment to Saskatchewan... a maintenance of domestic oil price 27:17; 28:4

Vote 12a—Contributions to provinces, disaster relief 28:4  
 Vote L13a—Canadian participation OECD arrangement 28:8  
 Financial guarantee 28:8  
 Grants 28:7-8  
 Indian Affairs and Northern Development Dept.  
   Expenditures, program 27:18  
   Vote L61a—Loans to native claimants 27:18  
 Industry, Trade and Commerce Dept.  
   Vote 1a—Trade-Industrial 27:18-9  
   Vote L36a—Loans to de Havilland Aircraft, STOL project 27:12; 28:5  
   Vote 47a—Commission of Inquiry on Prairie Grain Handling and Transportation 28:5  
 Labour Dept.  
   Vote 10a—Information Canada, expositions revolving fund 27:19-20  
 Manpower and Immigration Dept.  
   Special employment measures 27:5, 7, 11, 16; 28:4  
   Staff 27:20-1  
 National Defence Dept.  
   Expenditures, increase, manpower 27:21; 28:4  
 National Health and Welfare Dept.  
   Health care, payments to provinces, agreements, renegotiation 27:7, 21-3; 28:4-5  
   Spouses' allowance 27:5, 7, 11, 23; 28:4  
   Vote 15a—Medical Services, Indians, northern residents 28:5  
   Vote 40a—Fitness and Amateur Sport, support athletes 1976 Olympics 28:5  
   Vote 50a—Income Security and Social Assistance, grants to welfare agencies 28:7  
 National Revenue Dept.  
   Staff, decentralization of operations 27:23-4  
 Non-budgetary items 28:4  
 One dollar items 27:7-8, 10, 14; 28:4-9  
 Parliament  
   Vote 5a—House of Commons, program expenditures; payment to leader Social Credit Party 27:9-10  
 Public Works Dept.  
   Vote 1a—Administration 28:5-6  
   Vote 10a—Accommodation 27:8-10; 28:4-6  
   Vote 20a—Marine, wharf repairs 28:6  
   Vote 35a—Transportation and Other Engineering 28:6  
 Regional Economic Expansion Dept.  
   Votes 31a, L40a—Cape Breton Development Corporation 27:24; 28:9  
 Report to Senate 28:4-9, 17  
 Royal Commission on Corporate Concentration 27:12  
 Science and Technology Ministry  
   Votes 5a, 10a—NRC research 28:6  
 Secretary of State Dept.  
   Votes 15a, 20a—Arts and Culture 27:7-8, 14; 28:6-8  
   Vote 25a—Education support 28:7-8  
   Vote 40a—Citizenship, grants, International Women's Year Cultural events 28:7-8  
   Vote 62a—CFDC Act, increase statutory ceiling 28:9  
 Solicitor General's Dept.  
   Vote 5a—Correctional Services 28:8  
   Votes 20a, 25a—RCMP, services under contract to provinces, renegotiation 27:25

Statement, President of Treasury Board 27:5-6  
 Statutory programs 27:5-7; 28:4  
 STOL Air Service 27:12; 28:5, 11-36  
 Transfers 28:5-7  
 Transport Dept.  
   Payments to Railway and Transportation Companies 28:4  
   Vote 10a—Marine Transportation, assistance construction arctic experimental vessel 28:7  
   Vote 60a—Transportation Development Agency, STOL Air Service 28:17  
   Vote L76a—CNR, financing equipment purchases 28:8  
   Vote 91a—National Harbours Board, deficit, Port of Halifax 28:6  
 Treasury Board  
   Salary items 27:5, 25; 28:4  
 Unemployment insurance, deficit 27:10-1  
 Urban Affairs Ministry  
   Votes 10a, 15a—CMHC, Private Lender Assisted Rental Program; Homebuyer grant payments 28:7  
 Veterans Affairs Dept.  
   Vote 1a—Administration 27:25; 28:6-7  
   Votes 5a, 15a, 20a—Welfare Services 27:14; 28:6-8  
 Working capital advance accounts 27:16; 28:5, 9

#### Estimates, Supplementary (B)—1975-76

Acts, amendment 31:9, 13  
 Actuarial programs, Old Age Security, Unemployment Insurance 30:9  
 Agriculture Dept.  
   Grain Stabilization Program 30:7-8  
   Price support 30:5; 31:4  
   Vote 50b—Canadian Dairy Commission, promotion cheese sales abroad, building modifications 31:5  
 Appropriation Acts, amendment 31:9, 11-2  
 Communications Dept.  
   Satellite acquisition 31:13  
 Consumer and Corporate Affairs Dept.  
   Vote 25b—Intellectual Property, grant to World I.P. Organization 31:8  
 Debts deleted 31:8-9  
 Energy, Mines and Resources Dept.  
   Petroleum Compensation Program 30:8-10  
   Vote L16b—To deem any payment... to Petro-Canada... preferred shares... 30:22; 31:9, 11  
 Environment Dept.  
   Vote 15b—Fisheries and Marine, grants 31:8  
   Vote L23b—Canadian Saltfish Corp., borrowing limit raised 31:9, 13  
 Expenditures  
   Breakdown by standard objects, availability, cost 30:10-1  
   Capital, delayed 30:18-21; 31:5-8  
   Increase 16 percent cuts 30:5, 7-14; 31:4  
   Listed 30:5, 7; 31:4  
 External Affairs Dept.  
   Chancery construction Washington delayed 30:18; 31:5  
   Vote 1b—Canadian interests abroad, operating 31:5  
   Vote 10b—Canadian Interests Abroad, grants, in lieu of taxes on diplomatic properties 31:8, 13-4  
   Vote 20b—World Exhibitions, Okinawa International Ocean Exposition 31:5



- Vote 30b—CIDA, grant, International Institute for Tropical Agriculture 31:8
- Finance Dept.
- Fiscal Transfers Payments Program, to provinces 31:14
- Public debt charges 30:5, 7, 9-10; 31:4
- Vote 5b—Municipal Grants 31:14
- Vote 14b—Special Program, (b) forgive loan to Romania 30:5, 15-6; 31:4
- Vote L31b—Guarantee loan, Ottawa Civil Service Recreational Assoc. 30:22; 31:9
- Financial guarantee 31:9
- Format, items excluded 30:12-3
- Grants and contributions 30:17-21; 31:5-8
- Industry, Trade and Commerce Dept.
- Two-price wheat program 30:5, 7-8; 31:4, 14-5
- Vote 10b—Trade-Industrial, contributions, commercial shipping vessels 31:15
- Vote L37b—Conversion of debt (Consolidated Computer Inc.) to equity 31:9, 11, 14
- Vote 70b—Payment to Federal Business Development Bank 31:15
- Justice Dept.
- Vote 1b—Administration, grants and contributions reduced 30:17-8; 31:5
- Vote 15b—Supreme Court, printing, Symposium 31:5
- Vote 25b—Law Reform Commission, publishing reports, 31:6, 15-6
- Labour Dept.
- Vote 1b—Adjustment Assistance Benefits, reorganization of Dept. 30:19-20; 31:8
- Manpower and Immigration Dept.
- Unemployment Insurance 30:7, 9
- Vote 1b—Administration, operating costs, DSS audit services 31:6
- Vote 5b—Development and Utilization of Manpower, training programs 30:17; 31:6, 23
- Vote 20b—Planning and Research, Careers-Canada/Province 31:6
- National Defence Dept.
- Increase, activities 30:7; 31:16-7
- Vote 5b—Defence Services, patrol aircraft, 1976 Olympics 31:6, 16-7
- Vote L20b—Working capital advance account 30:5; 31:4
- National Health and Welfare Dept.
- Canada Assistance Plan, payments to provinces 31:18
- Capital expenditures delayed 30:18
- Family Allowance Payments, indexing eliminated 31:18
- Medical Research Council, funds frozen 30:19
- Vote 25b—Health Protection 31:6
- Vote 46b—Old Age Security 30:5, 7, 9, 15-6; 31:4, 17-8
- National Revenue Dept.
- Vote 1b—Customs and Excise, deletion of debts 31:8-9
- Vote 5b—Taxation, deletion of debts, unpaid income taxes 30:17, 21; 31:9, 18
- Vote 10b—Taxation, Office of the Administrator, Anti-Inflation, Manpower 31:18
- One dollar items 30:6, 21; 31:4-9, 11-6, 23
- Professional and Special Services 30:6, 20; 31:12, 23
- Provinces, fiscal transfers, cost sharing 30:5, 7; 31:4, 14, 18, 23
- Public Works Dept.
- Capital expenditures delayed 30:18
- Restraint use professional services 30:20; 31:8
- Vote 5b—Professional and Technical Services, grant to Canadian Association of Fire Chiefs 31:8, 18
- Vote 10b—Accommodation, property management 31:6
- Vote 20b—Marine, maintenance 31:6
- Vote 40b—Transportation and Other Engineering, repairs New Westminster Railway Bridge 31:6
- Vote 45b—Land Management and Development, Mooseonee Ont. 31:6
- Regional Economic Expansion Dept.
- Cape Breton Development Corp.
- Vote 25b—Capital, coal, railway operations 31:19
- Vote 31b—Operating losses, coal, related works 31:19
- Report to Senate 31:4-9, 22
- Secretary of State Dept.
- Arts and Culture, Special Programs 31:19-21
- Grants and contributions delayed 30:18-21; 31:6-8
- Vote 15b—Arts and Culture, study of film industry, Royal visits 31:6
- Vote 20b—Arts and Culture, grant to Nfld., commemorate entry into Confederation 31:8
- Vote L21b—Advances to CBC, educational TV facilities to provinces, CN tower 31:19-21
- Vote 40b—Citizenship, grants, Citizenship Participation 31:8
- Vote 65b—Company of Young Canadians, phase-out 31:6-7
- Vote 90b—National Museums of Canada, security force 30:17, 20; 31:7
- Solicitor General's Dept.
- Penitentiary service construction program delayed 30:19; 31:7
- Vote 1b—Administration, Special Communications. Unit 31:7
- Vote 15b—National Parole Board, CRC's, day parolees 31:7
- Statement, President of Treasury Board 30:5
- Supply and Services Dept.
- Vote 5b—Supply, reimburse revolving funds, (Information Canada) 31:21
- Transfers, lapses, delays 30:6-7, 14, 21; 31:5-8, 12
- Transport Dept.
- National Harbours Board, bridge painting delayed 30:19; 31:7
- Payments to Railway and Transportation Cos. 30:5, 15-7; 31:4, 21
- Pilotage authorities 31:22
- Vote 1b—Headquarters, Air Canada Inquiry, National Transportation policy 31:7
- Vote 10b—Marine Transportation 31:7
- Vote 30b—Air Transportation, subsidy municipal airports 31:7
- Vote 63b—Payment to CNR 30:5, 15-6; 31:4, 21
- Vote 85b—CTC, contributions, regional air carriers 31:21-2
- Vote 92b—National Harbours Board, deficits ports of Churchill, Prince Rupert 31:7
- Vote 99b—Payment to Northern Transportation Co. Ltd., Keewatin Resupply operation 31:22
- Transportation and Communications 30:10-1; 31:12, 23
- Treasury Board

Vote 20b—Employer Contributions to Employee Benefit Plans, payment during strikes, recovery 31:9, 11-2

**Urban Affairs Ministry**

Vote 1b—Operating, Toronto Waterfront Park 31:7

Vote 40b—Canadian Habitat Secretariat, communications 31:7, 22

**Veterans Affairs Dept.**

Capital expenditures delayed, Camp Hill, N.S. 30:20

Vote 5b—War Veterans Allowance Board, debts deleted 31:9

Vote 10b—War Veterans Allowance Board, grants, transfer 31:8

Vote 30b—Pensions, deletion of debt 30:21; 31:9

Vote 45b—Treatment Services, deletion of debt 31:8

**Estimates, Main 1976-77**

**Energy, Mines and Resources Dept.**

Vote 70—ESAB Petroleum Compensation Payments 32:6, 16

**Environment Dept.**

Votes 5, 10, 15—Fisheries and Marine 32:20

**Expenditures**

Breakdown, increase 32:5-11, 13, 16-8

Non-lapsing authorities 32:6, 18-9

Statutory, lack of Treasury Board control 32:6

**External Affairs Dept.**

Votes 25, 30, L35, L40—CIDA 32:18-20

Federal-provincial programs, health, education 32:10-2

**Finance Dept.**

Guaranteed Loans Program 32:21

Public debt. 32:5-6, 9, 11

Vote 5—Municipal grants 32:20

Winter Capital Projects Fund Program 32:21

Format 32:21-2, 26-9

Grants, contributions, difference 32:26

Income support programs 32:13-6

Industry Trade and Commerce Dept. 32:21

Trade-Industrial Program 32:13, 18

Vote 75—Statistics Canada, census 32:21

**Justice Dept.**

Judges' Salaries, Allowances and Annuities 32:22

**Manpower and Immigration Dept.**

Canada Manpower Training Program 32:22

Direct Job Creation, LIP 32:22

Unemployment Insurance 32:6, 8-9, 17, 22-4

**National Defence Dept.**

Personnel 32:24

Total 32:6-7, 9

**National Health and Welfare Dept.**

OAS, GIS payments 32:5-6, 8-9

Votes 55, 60—Medical Research Council 32:24

**Post Office Dept.**

Revenue loss 32:24

Public service, growth, salaries 32:6, 8, 10, 16

**Public Works Dept.**

Votes 10, 15—Accommodation Program 32:24-6

**Regional Economic Expansion Dept.**

Industrial Incentives 32:26

Vote L20—Loans to Newfoundland Development Corp. 32:26

Votes 25, 30, L35—Cape Breton Development Corp. 32:24

Report to Senate 32:4-7, 30-1

**Secretary of State Dept.**

Votes 50, 55, 60—CBC 32:26-8

Vote 105—Public Service Commission 32:28

Statement, President of Treasury Board 32:8-9

Subsidies to industry 32:13, 18, 26

**Transport Dept.**

CTC, Payments to companies under Atlantic Region Freight Assistance Act 32:28-9

Vote 55—Payments to Air Canada, interest on loans construction hangar, Winnipeg 32:29

Vote L60—Loans to Air Canada, construction hangar, Winnipeg 32:29

Vote 65—Payment to Atlantic Pilotage Authority 32:29-30

Votes L70, L75—CNR 32:28

Vote 90—Payment to Great Lakes Pilotage Authority 32:30

Vote 115—Deep Waterway—Payments to St-Lawrence Seaway Authority 32:20

**Treasury Board**

Government Contingencies and Centrally Financed Programs 32:30

Vote 10—Student Summer Employment 32:30

Vote 15—Public Service Bilingualism 32:30

**Estimates, Supplementary (A) 1976-77**

Report to Senate 33:5-6

**Treasury Board**

Vote L27a—Loto Canada 33:5-16

*See also*

Loto Canada

**Estimates, Main 1977-78**

Format, non-budgetary expenditures 32:7

**Everett, Hon. Douglas D., Senator (Fort Rouge), Committee Chairman**

Bill C-80 29:6-19

Estimates... fiscal year ending March 31, 1975

Manpower Div.—Manpower and Immigration Dept.  
4:5, 9, 13, 16, 18-9, 21-3, 25, 27-8; 5:5-7, 9-13, 17-22, 24-7;  
9:5-7, 9, 11-2, 15, 17, 19, 22-8; 11:5, 7-9, 12-4, 16-20, 24-5,  
28; 12:5, 8-9, 11, 13-5, 17, 19-22; 13:5, 8-10, 13-4, 16-8;  
14:5, 7-12, 14, 16-8, 20, 22-4; 15:5-7, 10-1, 13, 15-8; 16:5,  
7-9, 12-5, 20-1; 19:5, 9-11, 13-22; 20:5-10, 12-3, 17-8;  
21:5-7, 9-12, 14-6; 22:5, 7-8, 10-1, 15-9, 22-3; 24:5-8, 10-3,  
15, 19, 21-6; 26:5, 9-15 17-25

Supplementary "B" 2:11-20

Supplementary "D" 8:5-28; 10:15-25, 30, 33-4

Estimates... fiscal year ending March 31, 1976

Main 19-A:7-10, 15, 18-27

Supplementary "B" 30:5-8, 10-2, 14-23

Estimates... fiscal year ending March 31, 1977

Supplementary "A" 33:7-8

**Export Development Corporation**

CIDA loans, Bangladesh 10:12

**External Affairs Dept.**

*See*  
Estimates...

**Fairshare Incorporated**

Canada Manpower, opinion 15:5-18  
*See also*  
Canada Manpower, Outreach Program

**Family Allowances**

Expenditures 32:16  
Immigrants 10:9  
Increase, taxation 1:9, 12, 14  
Indexing eliminated 31:18; 32:12-3

**Fathers of Confederation Building Trust, Charlottetown**

Government grant 10:9

**Fay, Dr. P. B., Director General, Strategic Planning and Evaluation Group, Manpower and Immigration Dept.**

Canada Manpower, Estimates 1974-75 7:10; 9:7-8, 17, 22, 25-7; 24:8, 11-26

**Federal Business Development Bank**

Operation, finances 31:15; 32:21

**Federal Labour Intensive Program**

Departments, expenditures 31:6-7

**Federal Provincial Fiscal Arrangements Act**

Payments 2:7; 8:13

**Federal-Provincial Programs**

Federal role 32:10

**Finance Dept.**

*See*  
Estimates...

**Fisheries**

Programs 8:6, 12; 10:11-2; 19-A:18-9, 26-7; 27:16; 31:8-9, 13; 32:20

**Fisheries and Marine**

*See*  
Estimates... Environment Dept.

**Fisheries Prices Support Account**

Deficit 31:8

**Flynn, Hon. Jacques, Senator (Rougemont)**

Bill C-80 29:6-10, 14-5, 17  
Estimates... fiscal year ending March 31, 1975  
Supplementary "A" 1:13, 16, 19-21  
Supplementary "B" 2:13-4, 16  
Estimates... fiscal year ending March 31, 1976—Main  
19-A:10, 12

**Food Processing Industry**

Described, labour force, conditions 22:5-6, 10-9  
Gov't assistance programs, eligibility 22:5, 7  
*See also*  
Canadian Food Processors Association

**Foreign Aid**

*See*  
Canadian International Development Agency

**Foster, M. B., Director, Government Finance Division, Finance Dept.**

Athabaska Tar Sands projects 10:24-5, 31

**Foster, Maurice, Parliamentary Secretary to Minister of Energy, Mines and Resources**

Petroleum compensation program 3:13-6

**Francis, Lloyd, M.P., Parliamentary Secretary to President of Treasury Board**

Estimates, Supplementary (A) 1976-77 33:10-6

**Fust, Norman, Personnel Manager, Hoffmann-LaRoche Ltd.**

Canada Manpower, Estimates 1974-75 19:10-1, 14-20

**Germany, Federal Republic of**

Co-determination, industry 12:9, 15-6, 99-102, 104  
Federal Institute for Labour 12:14-5, 94-7, 103; 26:21  
Manpower, social security, economic, policies 12:7-8, 12, 20, 89-105; 26:20-1, 24

**Globe and Mail**

Article, discrimination, immigrants, Canada Manpower 6:24

**Gonzales, M., Director, Fairshare Incorporated**

Fairshare, Outreach project 15:6-18

**Gotlieb, A. E., Deputy Minister of Manpower and Immigration**

Canada Manpower, Estimates 1974-75 11:14-28; 26:21, 23

**Government Borrowing**

Discussed 29:6-19

**Government Expenditures**

Federal, provincial, local 1:16-7; 19-A:5, 17  
*See also*  
Estimates... Expenditures

**Governor General**

Pension 8:14

**Governor General's Warrants**

Amounts, circumstances 1:7, 20, 21; 3:9



**Graham, Hon. Bernard Alasdair, Senator (The Highlands)**

- Estimates... fiscal year ending March 31, 1975
  - Manpower Div.—Manpower and Immigration Dept. 5:9, 16-7, 19, 21; 6:14; 7:7-9, 20-1; 9:19-21; 11:15-7, 26, 28; 17:9; 18:31-2; 21:9-10; 23:5-8, 10
  - Supplementary "D" 8:27-8; 10:23, 26, 29
- Estimates... fiscal year ending March 31, 1976
  - Main 19-A:10
  - Supplementary "B" 31:13, 15, 19

**Grain**

- Transportation subsidy 32:11

**Grain Stabilization Program**

- Operation, finances 30:7-8

**Great Canadian Oil Sands**

- See*
- Petroleum

**Great Lakes Pilotage Authority**

- Gov't. subsidy 32:30

**Grosart, Hon. Allister, Senator (Pickering)**

- Bill C-80 29:7, 9-10
- Estimates... fiscal year ending March 31, 1975
  - Manpower Div.—Manpower and Immigration Dept. 4:13-20, 22, 24-5, 27-8; 7:10-3; 9:12-3; 11:8-12, 19-21; 14:12; 15:9-10; 16:5, 7-12; 18:8, 12, 14, 17, 19, 26, 28-32, 34-5; 24:12, 17-9, 21; 26:10-5
  - Supplementary "A" 1:7-13, 15-22
  - Supplementary "C" 3:8-9, 13-6
  - Supplementary "D" 8:6-8, 10-26; 10:18, 21
- Estimates... fiscal year ending March 31, 1976
  - Main 19-A:8-10, 12-7, 19-21, 23-6
  - Supplementary "A" 27:6-8, 11, 13-25
  - Supplementary "B" 30:6-9, 11-2, 14-23
- Estimates... fiscal year ending March 31, 1977
  - Main 32:9-10, 15-32

**Growth Employment and Price Stability**

- National Finance Committee report 4:5, 13; 8:22; 14:14

**Guaranteed Income Supplement**

- See*
- Old Age Security

**Gulf Canada**

- Syncrude project, involvement 10:22, 29

**Habitat**

- See*
- Canadian Habitat Secretariat

**Hamilton, William, Associate Executive Secretary, Canadian Federation of Agriculture**

- Canada Manpower, Estimates 1974-75 25:12-4, 18-20, 24

**Hamilton Spectator**

- Articles, Canada Manpower 14:34-5

**Handfield-Jones, S. J., Assistant Deputy Minister, Fiscal Policy and Economic Analysis Branch, Finance Dept.**

- Bill C-80 29:6-19

**Health and Welfare Dept.**

- See*
- National Health and Welfare Dept.

**Health Care**

- Agreements with provinces, renegotiation 27:21-2; 28:5; 32:10-2
- Hospital facilities, costs 27:22-3
- See also*
- National Health and Welfare Dept.

**Heath, G. S., Montreal Board of Trade**

- Canada Manpower, Estimates 1974-75 23:12-7

**Hemmings, Jack H., Vice-President, Government Relations, Canadian Restaurant Association**

- Canada Manpower, Estimates 1974-75 22:7-11, 14-23

**Henderson, Maxwell, former Auditor General**

- TV statement, discussed 19-A:21

**Hicks, Hon. Henry D., Senator (The Annapolis Valley)**

- Estimates... fiscal year ending March 31, 1975
  - Manpower Div.—Manpower and Immigration Dept. 5:8, 13, 19-20, 24; 7:8, 10, 12, 15; 13:8-9, 11-2; 14:5, 9-22, 24; 15:7-8, 10; 17:6-11; 18:5, 19, 26, 31-2; 21:8-9, 11, 13-4; 22:15-6; 24:5, 7-8, 10-3; 25:5, 10, 15, 17-8, 20-3; 26:8, 17-8, 20-3
  - Supplementary "B" 2:8, 10-1, 13, 16
- Estimates... fiscal year ending March 31, 1976
  - Main 19-A:9, 13
  - Supplementary "A" 27:15-6, 20-2, 24-5
- Estimates... fiscal year ending March 31, 1977
  - Main 32:9-12, 22-9

**Hoffman-LaRoche Ltd.**

- Canada Manpower, opinion 19:9-11, 14-21
- Operations, work force 19:9-10

**Home Oil**

- Athabaska Tar Sands, involvement 10:33

**Hospitals**

- See*
- Health Care

**House of Commons**

- See*
- Estimates... Parliament

**Household Finance Corporation**

- Canada Manpower, opinion 23:12-3

**How Your Tax Dollar is Spent**

Described 19-A:15, 19, 25; 30:12-3

**Hudson's Bay Company**Canada Manpower, opinion 19:13-20  
Operations, work force 19:13**Hunter, J. A., Director of Manpower Co-Ordination Branch, Manpower and Immigration Dept.**

Canada Manpower Centres 5:5-13, 16-9; 9:19

**Hurd, W. J., Director, Manpower Training Branch, Pacific Region, Manpower and Immigration Dept.**

Canada Manpower, provinces, relationship 9:14-7, 21

**Immigrants**Contribution, industry 4:6; 22:16-7; 25:12  
Demographic policy 4:18; 26:17  
*See also*  
Canada Manpower**Imperial Oil**

Syncrude project, involvement 10:22

**Income**Gap, rich-poor, redistribution 32:13-4  
Support programs, universality 32:14-6**Income Tax**

Negative system proposed 12:6, 18, 22, 43-6

**Indian Affairs and Northern Development Dept.***See*  
Estimates...**Industrial Development Bank**

Amalgamation with Federal Business Development Bank 31:15; 32:21

**Industry**

Gov't. subsidies 32:13

**Industry, Trade and Commerce Dept.**French name 32:31  
*See also*  
Estimates...**Inflation**Rate 27:8  
*See also*  
Unemployment. Elimination...**Information Canada**Elimination, activities taken over by DSS 31:21  
Expenditures, Treasury Board control 2:13-4  
Expositions Revolving Fund 1:22; 8:18-9; 19-A:21; 27:19-20  
National Finance Committee report 2:5, 13-5; 4:5, 13; 27:20**Institut canadien pour l'Éducation des adultes**

Government grant 10:9

**(l')Institut International de Droit d'Expression Française**

Canadian grant 10:8

**Inter-American Development Bank**

Canadian participation 27:17-8

**International Institute for Tropical Agriculture**

Canadian grant 31:8

**International Labour Organization**

Conventions, Manpower policy 4:6; 14:25; 17:6-8, 11

**International Monetary Fund**

Canadian obligation, clarified 10:11

**International Women's Year Program**

Grants 10:9; 28:7-8

**Interprovincial Pipe Line**

Montreal extension, gov't guarantee operating costs 8:8-11; 10:5, 10, 15-22, 26; 27:13

**Inverness, N.S.**

LIP projects economic situation 7:74-7

**Jenness, Robert, Director of Labour Markets Group, Economic Council of Canada**

Labour force study 18:12, 30

**Judges**

Salaries, increase 32:22

**Justice Dept.***See*  
Estimates...  
Law Reform Commission of Canada**Keyes, Robert W., Member of Council, Vancouver Board of Trade**

Canada Manpower, Estimates 1974-75 23:10

**Kingston**

Tercentenary, sculpture presented by federal gov't. 27:8; 28:6

**Krupka, Ivo, Director, Community Employment Strategy, Manpower and Immigration Dept.**

Saskatchewan project 7:17

**LEAP***See*  
Local Employment Assistance Program

**LIP***See*

Local Initiatives Program

**Labour***See*

Work

**Labour Dept.***See*

Estimates...

**Labour Force**

Agriculture 6:67

Description, fluctuation 4:9-10; 11:9-10; 12:27, 71; 14:5-9, 30;  
18:5-27, 29-31, 33-7; 20:6, 12; 34:38, 40

Education level 34:38

Immigration 11:10

Job Search activity by individuals 34:39-41

Mobility 5:23

Service sector, demand increase 34:40

Statistics Canada, DBS, survey 4:14, 24-5; 14:5-6

Women 6:50; 11:9-10; 18:8, 10, 12, 14, 17, 23, 30, 33-4; 34:38

Young workers 5:21; 11:9-10; 18:8

*The Labour Force*

Article, "Employer Sponsored Training Programs", discussed 9:28

**Labour Shortages**

Agricultural 4:25-6; 6:13; 11:23; 14:15-6; 17:6-7, 11; 25:12-3

Described, discussed 4:10-1; 7:13, 16; 11:9; 12:38; 20:8, 12-3;  
26:16-7

Mining industry 6:14-5; 11:16; 25:6, 8, 10-1

**Lafontaine, Maurice, Deputy Secretary, Administrative Policy Branch, Treasury Board Secretariat**

Estimates, Supplementary (A) 1976-77 33:13-5

**Lagassé, Jean, Chairman, Task Force on Manpower Services to Native People, Manpower and Immigration Dept.**

Task Force 6:22-4

**Langlois, Jean-Pierre, Construction Association of Montreal**

Union hiring halls 25:9, 15-6

**Langlois, Hon. Léopold, Senator (Grandville)**

Estimates... fiscal year ending March 31, 1975

Manpower Div.—Manpower and Immigration Dept.  
6:12

Supplementary "A" 1:6, 16, 19-21

Supplementary "B" 2:7-8, 12, 14-5, 18, 20

Supplementary "C" 3:6-7, 9, 12, 15

Estimates... fiscal year ending March 31, 1976

Main 19-A:8, 12-3, 16, 25

Supplementary "A" 27:9-13, 16-7, 19, 21-4; 28:14

Supplementary "B" 30:6, 8, 13-6; 31:12-3, 18, 20, 22

Estimates... fiscal year ending March 31, 1977

Supplementary "A" 33:8, 13-5

**Law Reform Commission of Canada**

Information expenditures 2:12-3; 10:7; 31:6, 15-6

**Lefebvre, J.P., Director General, Manpower Training Branch, Manpower and Immigration Dept.**

Training Programs 9:5-28

**Lieutenant Governors**

Pensions 8:14

**Local Employment Assistance Program**

Effect, unemployment 7:18-9, 63-4, 73; 34:125

Entrepreneurial programs 7:7, 19, 67; 34:20, 124-6

Expenditures 7:11, 21, 73; 26:9, 26; 34:125

People served, disadvantaged 7:11-2, 60-1, 63-5, 67-70;  
26:26-7; 34:20, 125-6, 128**Projects**

Described 7:6-7, 12, 63, 65-7

Native 8:14-5, 23

Size, length 7:62

Supervision 7:62

Wages 7:62

Women's 7:12, 63

Purpose, operation 4:9; 5:25; 7:5-6, 10-1, 15-7, 22, 60-70;  
11:15; 34:124-6

Response, demand for funds 7:21

Success 7:63-5, 67

*See also*

Canada Manpower. Job creation programs

**Local Initiatives Program**

Adaptation, reassessment 34:123-4

**Effects**

Economy, labour market 7:56-8; 12:61

Unemployment, evaluation 4:9; 7:10-1, 18, 21, 51-9, 73,  
75; 12:83-4; 14:15; 24:13-4, 19-21, 25-6; 34:119, 122

Entrepreneurial program 7:6-7, 10, 19, 71

**Financing**Budget allocation, regions 4:22-3; 7:7, 15, 24, 45-6; 12:85;  
24:22; 34:122Expenditures 2:7, 20; 4:15-7; 7:11, 46, 56-7, 73; 12:61;  
19-A:23; 26:9; 32:22; 34:122**Participants**

Benefits, satisfaction 7:50, 58, 76

Requirements, characteristics 7:45; 26:24, 27; 34:122

Salaries 7:45, 58; 34:121-2

Permanence 7:20-1; 12:84; 14:15; 34:19-20

**Project Selection**

Applications accepted, c/o 7:11; 34:122

Applications rejected, follow-up, effect 7:10

Constituency Advisory Groups 7:8, 14-5, 22; 24:20;  
34:122-3Consultations, provinces, local level 7:7-8, 10; 34:20,  
123-4

Criteria 7:44-5; 34:20, 124

**Projects**

Audits, monitoring 7:22



Community benefits, cooperation 7:48-51, 58-9, 77  
 Described 7:6, 44, 47-8; 34:122  
 Inverness, N. S. 7:74-7  
 Municipal 7:8  
 Regulations 34:121  
 Size, maximum 7:7-8, 45; 34:121  
 Social service 34:122-4  
 Sponsors 7:47-8  
 Springhill, N.S. 34:123

Promotion 7:8

Role 4:9; 7:5, 7, 18-9, 44, 69; 34:121-2

Staff 7:8; 27:20-1

Study, evaluation, University of Calgary 7:21-2

*Summary of Statistical Data of the LIP 1972-73* 7:22

*See also*

Canada Manpower. Job creation programs

#### **Loto Canada**

Establishment by Estimate, future consideration by Parl't. 33:5-9, 11-3

Federal, jurisdiction, consultation provinces 33:6, 8-11, 13-5

Incorporation, status, Annual Reports 33:5, 7-8

Operation, number of draws 33:5, 8-9, 12-6

Prizes 33:16

Public support 33:8

Purpose, continue Olympic Lottery 33:5-8, 14-5

Revenue, division 33:5, 7-11, 14

Staff 33:9, 15-6

Term, extension 33:6, 9-11, 13-5

Ticket distribution, commission 33:5, 15-6

#### **Lotteries**

Criminal Code provisions 33:6, 9-10, 13-5

Provincial 33:15

*See also*

Specific lotteries

#### **Lyon, James, Legal Advisor, Energy, Mines and Resources Dept.**

Interprovincial Pipe Line, Montreal extension 10:19-22

Petroleum compensation program, provisions 3:14

#### **MacDonald, B. A., Assistant Secretary, Program Branch, Treasury Board Secretariat**

Estimates 1974-75

Main 1:7-10, 16-8

Supplementary (A) 1:21-2

Supplementary (B) 2:12-20

#### **MacDonald, B. A., Deputy Secretary, Program Branch, Treasury Board Secretariat**

Estimates 1974-75

Supplementary (D) 8:6-28

Estimates 1975-76

Main 19-A:8-27

Supplementary (B) 30:7-23

Estimates 1976-77

Main 32:9-14, 17-30

Supplementary (A) 33:11

#### **MacDonald, Hon. D. S., Minister of Energy, Mines and Resources**

Estimates, Supplementary (D) 1974-75 10:15-34

Petroleum Compensation Program

Discussion 3:8-12

Statement 3:6-8

#### **McGill, Donald G., President, Vancouver Board of Trade**

Canada Manpower, Estimates 1974-75 23:5-11

#### **McGuigan, J. F., Canadian Federation of Agriculture**

Labour force, conditions 25:19-20

#### **Mackenzie, M. H., Director of Personnel, Hudson's Bay Company**

Canada Manpower, Estimates 1974-75 19:13-20

#### **Mackie, P. C., Director General, Job Creation Branch, Manpower and Immigration Dept.**

Job creation programs 7:5-15, 18-22

#### **Magun, S., Chief, Quantitative Methods Division, Strategic Planning and Evaluation Group, Manpower and Immigration Dept.**

Manpower mobility program, effectiveness 5:20

#### **Main Estimates**

*See*

Estimates

#### **La Maison Canadienne, Paris**

Gov't grant, deficit 10:8

#### **Mallory, Malcolm R., President and General Manager, Rubbermaid (Canada) Ltd.**

Canada Manpower, Estimates 1974-75 19:5-9, 14-22

#### **Manion, J. L., Senior Assistant Deputy Minister (Manpower), Manpower and Immigration Dept.**

Canada Manpower, Estimates 1974-75 4:17, 23, 26-7; 5:7-8, 11-27; 6:5, 10-26; 7:5, 8-22; 11:10-4, 17-28; 26:12-23

#### **Manning, Hon. Ernest C., Senator (Edmonton West)**

Estimates...fiscal year ending March 31, 1975

Manpower Div.—Manpower and Immigration Dept.  
 4:25-7; 6:9-14; 9:21-3; 15:13-4, 17-8; 16:11, 18-20; 19:6;  
 21:6-9, 13; 22:13

Supplementary "D" 8:10, 13, 21-6; 10:16-20, 22-3, 27,  
 29-30

Estimates...fiscal year ending March 31, 1976

Main 19-A:13-4, 18-20, 22-3

Supplementary "A" 27:9, 14

Supplementary "B" 30:11-5, 18

#### **Manpower and Immigration Dept.**

Canada Manpower and Immigration Council 34:21, 141-2

- Formation, philosophy 4:6, 17
  - Immigration, Manpower, relationship 4:7, 17-8
  - Population policy 4:18; 26:17
  - Staff 27:20-1
  - Strategic Planning and Research Division 34:130-1
  - Union, relationship 4:11
    - See also*
  - Canada Manpower
  - Estimates...
  - Unemployment Insurance
- Manpower Temporary Services**
- Canada Manpower, opinion 13:5-18
- Marine Transportation**
- Pilotage Authorities, finances 31:22; 32:29-30
  - Transport Dept. Estimates 28:7; 31:7
    - See also*
  - National Harbours Board
  - Saint Lawrence Seaway Authority
- Massey Hall, Toronto**
- Gov't grant, deferred 27:7, 14; 30:18-20; 31:6, 8
- Medical Research Council**
- Financing, gov't. grants 30:19; 32:24
- Medicare**
- See*
  - Health care
- Mell, Joseph, Chairman, Board of Directors, Fairshare Incorporated**
- Fairshare, Outreach project 15:5-13, 16-7
- Melnyk, T., Program Branch, Treasury Board**
- Residual payments to provinces, Unemployment Assistance Act 31:18
- Melte, Prof. Noah, Associate Chairman, Political Economy Dept., University of Toronto**
- Background 14:5
  - Canada Manpower, Estimates 1974-75 14:5-24
- Milk**
- Subsidies 1:14-5; 2:7, 15
- Minimum Wages**
- Agriculture 6:67-8; 25:20, 27
  - Effect 12:17-8; 18:35-6
  - Enforcement 6:26
  - Levels 4:18-9; 7:19; 11:18, 32-3, 90
- Mining Association of Canada**
- Canada Manpower, opinion 25:5-11, 16-8, 21-4
  - Membership 25:6

## Mining Industry

- Canada Manpower training programs 25:21
- Construction costs, effect 25:16
- Housing facilities, shortage 25:17-8
- Labour shortages, turnover 6:14-5; 11:16; 25:6, 8, 10-1, 17, 21-3
- Recruitment, Canada Manpower, role 6:15; 11:16, 25; 25:17, 21-4
- Wages, hours of work 25:11, 22, 24

## Mirabel Airport

- Peripheral land, transfer Transport Dept. to Public Works 8:25-6; 10:13

## Montgomery, Dr. D. S., Head, Fuels Research Centre, Energy, Mines and Resources Dept.

- Athabaska Tar Sands projects 10:30-3

## Montreal Board of Trade

- Canada Manpower, survey, opinion 23:11-9, 30-7
- Membership 23:11

## Multiculturalism

- Minister responsible, estimates 8:18-9; 19-A:14

## Municipal Development and Loan Board

- Present status 32:20

## Municipalities

- Borrowing, Canada, foreign 29:12-3, 18-9
- Grants in lieu of taxes, diplomatic properties 31:8, 13-4
- Grants under Municipal Grants Act 31:14; 32:20

## NRC

- See*
- National Research Council

## National Defence Dept.

- Employees, Dept., Forces 19-A:12-4, 23; 27:21; 32:24
  - See also*
- Canadian Armed Forces
- Estimates...

## National Employment Service

- See*
- Canada Manpower. History

## National Energy Board

- Interprovincial Pipeline, Montreal extension 10:10, 15-8, 20-2
- Role, pricing, allocation 10:26, 29-30

## National Film Board

- Operating Account, increase 8:25

## National Finance Standing Committee

- Examination of estimates, in-depth studies 34:23-6
- In camera* meetings 8:28; 11:4; 19-A:18; 20:4-5; 24:4-5; 29:4, 17; 31:22; 34:4-6
- Interpretation, unavailability 25:14

- Material, tabled, distributed 10:15; 11:12; 14:24; 17:5;  
19-A:18; 26:10; 27:25
- Member of Parliament, appearance before committee 16:5
- Orders of Reference 1:3; 2:3; 3:3; 4:3; 8:3; 19-A:3
- Procedure 1:6; 4:5, 13; 8:5-6, 9-10, 12, 17-8, 20-1; 9:9; 10:3;  
30:5-6
- Proceedings, printing, delay 31:12
- Question of Privilege, Sen. Benidickson 11:17-8, 28
- Reports
- Canada Manpower
    - Discussed 30:5-6, 22-3; 34:23-8
    - Text 34:7-155
    - Growth Employment and Price Stability* 4:5, 13; 8:22;  
14:14; 34:24
    - Information Canada 2:13-5; 4:5, 13; 27:20; 34:23
  - Study, in-depth, of Public Works Dept. Main Estimates  
1976-77 to be made 34:7
  - Submissions, Canada Manpower study, list of associa-  
tions, employers 34:145-50
  - Witnesses, Canada Manpower study, list by date of  
appearance 34:151-5
- National Harbours Board**
- Estimates 28:6; 30:19; 31:7
- National Health and Welfare Dept.**
- Income security review 4:12, 15, 19-20
- Loto Canada, role 33: 8, 11-2
- Vocational rehabilitation program, disabled 7:12-3, 16, 20
- See also*
- Estimates...
- National Museums of Canada**
- Grants 10:9; 30:20; 31:6-7
- Security force 30:17, 20; 31:7
- National Parole Board**
- Community Residential Centres, day parolees 31:7
- National Research Council**
- Commercial research purchases 28:6
- See also*
- Estimates... Science and Technology Ministry
- National Revenue Dept.**
- See*
- Estimates...
- Neiman, Hon. Joan, Senator (Peel)**
- Bill C-80 29:10, 17
- Estimates... fiscal year ending March 31, 1975
- Manpower Div.—Manpower and Immigration Dept.  
5:8, 10-7, 19, 22-3; 6:12, 20-6; 7:11-2, 14, 16, 20, 22; 9:16,  
18-9, 23; 11:23-5; 12:20, 22; 13:9-10, 13-7; 14:19-23;  
16:9-10, 19; 20:10-1, 13, 15-7; 21:13, 15; 22:13-5, 19-20;  
23:8, 10-1, 17-8; 24:19-22, 24; 25:9, 15-8, 22, 24; 26:23-4
  - Supplementary "A" 1:13-4
- Estimates... fiscal year ending March 31, 1976—Main  
19-A:11-2
- Estimates... fiscal year ending March 31, 1977
- Main 32:14-20
- Supplementary "A" 33:12
- New Brunswick**
- Manpower policy, training 21:7-16
- New Brunswick Community College**
- Manpower training 21:9-10, 15-6
- Newfoundland**
- Federal grant, commemoration entry into Confederation  
31:8
- Newfoundland Development Corporation**
- DREE loan 32:26
- Norrie, Hon. Margaret, Senator (Colchester-Cumberland)**
- Estimates... fiscal year ending March 31, 1977—  
Supplementary "A" 33:12
- Northwest Territories**
- Government expenses, federal transfer 10:12-3
- OECD**
- See*
- Organization for Economic Cooperation and Develop-  
ment
- OFY**
- See*
- Opportunities For Youth Program
- OPEC**
- See*
- Organization of Petroleum Exporting Countries
- Oil**
- See*
- Petroleum
- Oke, Russel, Member, Canadian Food Processors Association**
- Canada Manpower, Estimates 1974-75 22:9-11
- Old Age Security**
- Expenditures, operation 8:21-2; 10:5, 14; 19-A:8-9, 23-4;  
30:5, 7, 9, 15-6; 31:4, 17-8; 32:5-6, 8-9, 15-6
- Guaranteed Income Supplement 32:5, 8-9, 15-6
- O'Leary, Hon. M. Grattan, Senator (Carleton)**
- Estimates... fiscal year ending March 31, 1975
- Supplementary "A" 1:11
  - Supplementary "B" 2:8, 10, 12, 20
- Olympic Games 1976**
- Defence Dept. role 31:6
- Deficit 33:5, 7, 13



**Olympic Lottery**

- Continuation, negotiation provinces, replacement by Loto Canada 33:5-8, 13-5
- Responsible to COJO 33:13
- Revenue, success 33:8
- See also*
- Loto Canada

**Ontario, Prov.**

- Labour Dept., manpower training program 19:12
- Manpower training agreement, federal gov't. 9:12-3, 17; 16:9-11, 14-7, 19; 19-A:22-3; 20:8-11, 13-7; 26:15-6

**Ontario Crown Employees Collective Bargaining Act**

- Community colleges 16:17

**Ontario Human Rights Association**

- Allegations, discrimination, immigrants, Canada Manpower 6:24

**Ontario Labour Relations Board**

- Minimum wage, enforcement 6:26

**Ontario Task Force on Industrial Training**

- Report 20:5, 8-15, 17

**Opportunities For Youth Program**

- Administration, Manpower and Immigration Dept. 32:30
- Effect
  - Jobs created 4:9; 6:49; 7:11, 31, 73; 34:119-21
  - Work ethic, labour market 7:41
- Federal-provincial relationship 21:8
- Financing
  - Budget allocation, regions 7:7, 11, 31; 34:120
  - Expenditures 7:11, 31, 73; 28:4; 34:120
- Participants
  - Benefits, satisfaction 7:34-6, 39-40, 43
  - Described 7:9, 33, 36-8; 12:7, 84; 34:119-20
  - Eligibility 7:13-5; 34:119
  - Salaries 7:40; 34:120
- Permanence 7:20-1; 34:118, 120
- Program announcement, late 7:41
- Project selection
  - Constituency advisory, management area groups 7:14-5, 22; 34:120
  - Criteria, procedure 7:30, 32; 34:120
- Projects
  - Audits, monitoring 7:22, 31; 34:120
  - Community benefits 7:33, 43
  - Cooperation, gov't. community 7:30, 33-4, 41-2
  - Described 7:6, 30, 32, 37, 40
  - Role 4:9; 7:5, 18, 20, 29-31, 42-3; 34:120
  - See also*
  - Canada Manpower. Job creation programs

**Organization for Economic Cooperation and Development**

- Canadian participation, balance of payments assistance agreement 28:8
- Manpower policy concept 4:6; 34:13, 26, 31-2, 34, 94, 106

Recurrent education, concept 12:51-3

**Organization of Petroleum Exporting Countries**

- Members' price, taxing 3:7, 9
- Posted price 3:9-10
- Production cost per barrel 3:15
- Vienna meeting, framework, Bill C-32 3:14

**Ottawa Citizen**

- Article, gov't. spending increase, discussed 8:6

**Ottawa Civil Service Recreational Association**

- Loan guaranteed by gov't. 30:22; 31:9

**Panarctic Oils Ltd.**

- Role 10:26

**Parliament**

- See*
- Estimates...

**Penner, H., Member, Canadian Food Processors Association**

- Canada Manpower, Estimates 1974-75 22:7-8, 11-4

**Petro-Canada**

- Gov't. financial participation Athabasca Tar Sands converted to investment in Petro-Canada 30:22; 31:9, 11
- Role 10:26, 28

**Petrofina**

- Athabasca Tar Sands, involvement 10:33

**Petroleum**

- Alberta, taxation levels, reduction 3:11
- Alberta Marketing Commission, operation 10:23, 29
- Athabasca Tar Sands
  - Gov't. investment 8:5; 10:5
  - Gov't. policy 10:27-8
  - Home Oil investment 8:9; 10:33
- Canada, world price change, revenue 3:11-2
- Canada Development Corporation, role 10:26
- Coal, alternative 10:31-3
- Cost of production, Arab countries, comparison 3:14-6
- Exports to U.S., reduction 27:13
- Fuel oils, sales tax 3:10
- Government policy 3:13; 10:26-32
- Great Canadian Oil Sands 3:15; 10:27, 30-1, 33
- Host government, participation agreements 3:7
- "Host Government Take"
  - Taxation, return 3:7, 9
- Venezuelan harbour dredging law 3:9, 14
- Petro-Canada, Panarctic, role 10:26, 28
- Petroleum products, total cost, 1974-75 3:11
- Syncrude Project 10:5, 22-31, 33
- United States, oil pricing situation, "new oil" 3:11-2
- World price 10:31
- See also*
- Interprovincial Pipe Line

**Petroleum Compensation Program**

Alberta, consumer equalization of price 3:13  
 Companies, claim compensation 3:7  
 Consumption, rate 3:10  
 Cost competition 3:7  
 Domestic refineries, complaint 3:7-8  
 Energy Supplies Allocation Board, responsibilities 3:9;  
 10:26-7  
 Equalization payments, relationship 19-A:11, 16-7  
 Export charge, compensation, balance revenues, surplus  
 3:8  
 History 3:6-7, 9  
 Macdonald, Hon. D. S., statement 3:6-8  
 Operation 3:7; 19-A:8, 13-4  
 Payments 3:5, 6-16; 19-A:8-9; 27:5-7, 12-3; 28:4-5; 30:8-10;  
 32:6, 16  
 Saskatchewan, payment to, for foregoing revenue 27:17;  
 28:4

**Pilotage Authorities**

*See*  
 Marine Transportation

**Planning, Programming, Budgeting System**

Concept 2:12, 13

**Post Office**

Employees, increase 19-A:12  
 Estimates 1:12; 32:24

**Poverty**

Definition, levels 26:26  
 Eradication, guaranteed income, manpower policy 12:6,  
 16-20, 22, 30-1, 35-6, 42-7, 59, 74, 88, 90; 13:14; 19-A:11;  
 26:26-7

**Prairie Farm Rehabilitation Administration**

Finances 8:24; 10:9, 13

**Privy Council Office**

Confidentiality guidelines 24:17-8  
*See also*  
 Estimates...

**Procor Ltd.**

Canada Manpower, opinion 19:11-22  
 Operations, conditions 19:11-3

**Provinces**

Atlantic, Manpower training cooperation 21:10  
 Borrowing, Canada, foreign 29:11-4, 18-9  
 Disaster relief payments, federal gov't. 28:4  
 Expenditures 1:16-7; 19-A:5, 17  
 Federal fiscal transfers, cost sharing 30:5, 7; 31:4, 14, 18  
 Manpower training, federal-provincial relationship 4:8;  
 8:19-20; 9:5-6, 8, 10-21, 23, 25, 32-7, 42, 53-4; 10:10; 11:18;  
 12:7, 10, 13, 49, 76-7; 14:19, 22-3; 16:8-12, 14-20; 19-A:21-3;  
 20:8-11, 13-6; 21:5-16; 24:19, 25; 25:13, 21, 26; 26:9-10, 14-6;  
 31:23

*See also*

Specific Provinces

**Prowse, Hon. J. Harper, Senator (Edmonton)**

Estimates... fiscal year ending March 31, 1975  
 Manpower Div.—Manpower and Immigration Dept.  
 11:7, 18-9, 24-8; 12:9-12, 15-6, 22; 13:8, 10, 17  
 Supplementary "C" 3:10-6  
 Supplementary "D" 10:17-9, 21-5, 27, 30-3

**Public Debt**

Charges 19-A:10, 19-20; 27:5-7, 11, 16; 28:4-5; 30:5, 7, 9-10;  
 31:4; 32:5-6, 9, 11

**Public Service**

Bilingualism 32:30  
 Employee benefit plans, premium payments during  
 strikes, recovery 31:9, 11-2  
 Growth, salaries 1:13, 18-9; 2:6; 8:28; 19-A:6, 11-2; 27:10-1;  
 32:6, 8, 10, 16  
 Handicapped, employment 11:6; 26:24  
 Strikes, prosecutions 19-A:15-6  
 Temporary employees 31:12

**Public Service Commission**

Employees, increase 19-A:12  
 Estimates, Main 1976-77 32:28  
 Recruitment, Canada Manpower role 6:65-7

**Public Works Dept.**

Senate National Finance Committee, study to be made  
 34:7  
*See also*  
 Estimates...

**Quebec Royal Commission of Inquiry Into Construction  
Union Freedoms**

Report 25:5-8, 15

**RCMP**

*See*  
 Royal Canadian Mounted Police

**Radburn, E. A., Director, Estimates Division, Program  
Branch, Treasury Board**

Estimates, Supplementary (B), 1975-76 31:17-20

**Railways**

Gov't. subsidies 8:27; 10:8; 28:4; 30:5, 15-7; 31:4, 21; 32:28-9  
*See also*  
 Canadian National Railway Co.

**Raynauld, Dr. André, Chairman, Economic Council of  
Canada**

Labour force study 18:5-37

**Redden, A. T., Director of Manpower Planning, Noranda  
Mines Ltd.**

Canada Manpower, Estimates 1974-75 25:10, 22-4

- Refugees**  
Language training 30:17; 31:6, 23
- Regional Economic Expansion Dept.**  
Operation, policy 12:13, 21, 26-7, 31; 14:15  
*See also*  
Estimates...
- Reports to Senate**  
Bill C-80 29:5  
Canada Manpower 34:7-155  
Estimates 1974-75  
Main; Supplementary (A) 1:5  
Supplementary (B) 2:5-6  
Supplementary (C) 3:5  
Supplementary (D) 10:5-14  
Estimates 1975-76  
Main 19-A:5-6  
Supplementary (A) 28:4-9  
Supplementary (B) 31:4-9  
Estimates 1976-77  
Main 32:5-7  
Supplementary (A) 33:5-6
- Restaurant Industry**  
Described, labour force, conditions 22:7, 16-20, 23; 24:16-7  
Training programs 22:7, 17-8, 20  
*See also*  
Canadian Restaurant Association
- Reynolds, S., Counsellor, Fairshare Incorporated**  
Fairshare, Outreach project 15:6, 13-4
- Richardson, R. L., Assistant Secretary, Program Branch, Treasury Board Secretariat**  
Estimates 1974-75, Supplementary (D) 8:15-6, 19  
Estimates 1975-76  
Supplementary (A) 27:14-25  
Supplementary (B) 31:11-22
- Robichaud, Hon. Louis J., Senator (L'Acadie-Acadia)**  
Estimates...fiscal year ending March 31, 1975  
Manpower Div.—Manpower and Immigration Dept.  
7:5, 13-4; 13:5, 8-11, 15, 17-8; 15:8-12, 15-7; 16:6; 22:15;  
24:5, 13, 22; 26:6, 16, 24  
Supplementary "A" 1:7, 9-11, 13-4, 17  
Supplementary "B" 2:13, 20  
Estimates...fiscal year ending March 31, 1977  
Supplementary "A" 33:8-9
- Romania**  
Loan from Canada forgiven 30:5, 15-6; 31:4
- Royal Canadian Mounted Police**  
Estimates 10:10; 19-A:12; 27:25
- Royal Commission on Corporate Concentration**  
Estimates 27:12
- Rubbermaid (Canada) Ltd.**  
Canada Manpower, opinion 19:5-9, 14-22; 26:19-20  
Operations, conditions 19:5-6, 8
- Ryan, J. W., Assistant Deputy Minister (Legislation), Justice Dept.**  
Bill C-80 29:6-10, 14-5
- Saint Lawrence Seaway Authority**  
Subsidy decreased 32:30
- Saltfish Act**  
*See*  
Canadian Saltfish Corporation
- Schering Corporation Limited**  
Canada Manpower, opinion 23:13
- Science and Technology Ministry**  
*See*  
Estimates...
- Scoten, A. E., Assistant General Manager, Vancouver Board of Trade**  
Canada Manpower, Estimates 1974-75 23:5-11, 15
- Scrim, David, Co-ordinator, Financial-Corporate Studies, Energy, Mines and Resources Dept.**  
Athabaska Tar Sands projects 10:24, 27
- Secretary of State Dept.**  
*See*  
Estimates...
- Shell Canada**  
Athabaska Tar Sands, involvement 10:33
- Short Take-Off and Landing Air Service**  
*See*  
STOL Air Service
- Small, Helen, Parliamentary Centre**  
Canada Manpower, Estimates 1974-75 23:7; 24:5
- Smith, Dr. Charles, Assistant Deputy Minister, Science and Technology, Energy Mines and Resources Dept.**  
Canada Centre for Remote Sensing 10:33-4
- Smith, Hon. G. I., Senator (Colchester)**  
Bill C-80 29:10-4, 18-9  
Estimates... fiscal year ending March 31, 1976  
Supplementary "A" 27:8-9, 21-2, 24-5; 28:11  
Supplementary "B" 31:17-9, 21  
Estimates... fiscal year ending March 31, 1977  
Main 32:11-5
- Social Insurance Numbers**  
Program administration, UIC 32:23-4



**Society**

Orientation, market, community 12:58-60

**Solicitor General's Dept.**

See  
Estimates...

**Sparrow, Hon. Herbert O., Senator (The Battlefords), Committee Deputy Chairman**

Bill C-80 29:17-9  
Estimates... fiscal year ending March 31, 1975  
Manpower Div.—Manpower and Immigration Dept.  
5:11, 15, 18; 6:5-6, 9, 11, 14, 17, 19, 22-3, 25-7; 7:5, 9, 21-2;  
9:13, 15, 23-5, 27; 12:15, 19; 17:5, 7-9, 12; 18:5, 37; 23:5,  
7-9, 11-6, 18-9  
Supplementary "A" 1:6-7, 9, 11-4, 16, 20, 22  
Supplementary "B" 2:7, 10-1, 16, 20  
Supplementary "C" 3:6, 9, 12, 16  
Supplementary "D" 8:14-6, 24  
Estimates... fiscal year ending March 31, 1976  
Supplementary "A" 27:5-9, 12-21, 23-5; 28:11, 16-7  
Supplementary "B" 31:11-22  
Estimates... fiscal year ending March 31, 1977  
Main 32:8-31  
Supplementary "A" 33:9-18

**Special Senate Committee on Manpower and Employment, 1961**

Recommendations 4:6

**Special Senate Committee on Poverty**

Canada Manpower, orientation 12:66  
Guaranteed income, negative income tax 12:6  
Poverty, decline 12:42

**Spencer, Robert, President, Ontario Region, Canadian Restaurant Association**

Canada Manpower, Estimates 1974-75 22:16-21

**Statistics Canada**

Estimates, Main 1976-77, census 32:21  
Labour force survey 4:14, 24-5; 14:5-6

**Stewart, Neil, Chairman, Energy Supplies Allocation Board, Energy, Mines and Resources Dept.**

Petroleum Compensation Board 3:15-6

**STOL Air Service**

Demonstration, service, Ottawa-Montreal 10:8; 27:12; 28:5,  
11-36

**Strikes**

Effect economy, GNP 12:103-4; 19-A:15  
Public Service 19-A:15-6

**Student Summer Employment**

See  
Canada Manpower. Job creation programs

**Sun Oil Co.**

Great Canadian Oil Sands, investment 10:27

**Supplementary Borrowing Authority Act, 1975**

See  
Bill C-80

**Supplementary Estimates**

See  
Estimates

**Supply and Services Dept.**

Revolving Funds 8:7; 10:5

**Supreme Court of Canada**

Centenary symposium 31:5  
Expenditures, printing, operating 10:7; 31:5

**Syncrude Project**

See  
Petroleum

**Tar Sands**

See  
Petroleum. Athabaska Tar Sands

**Taylor, L., Director, Local Employment Assistance Program, Manpower and Immigration Dept.**

Projects, people served 7:11-2

**Technical and Vocational Assistance Act**

Federal aid to provinces 34:93

**Technical Services Council of Canada**

Placement agency 23:6-7

**Teleglobe Canada**

New name COTC 32:19

**Temporary Help Agencies**

See  
Canada Manpower. Private agencies...

**Thompson, Hon. Andrew, Senator (Dovercourt)**

Estimates... fiscal year ending March 31, 1975—  
Manpower Div.—Manpower and Immigration Dept.  
4:17, 21-2, 24; 19:6, 17, 21-2; 22:11, 14-23; 24:10

**Thompson, W. B., Chairman, New Brunswick Community College, Fredericton**

Canada Manpower, Estimates 1974-75 21:5-16

**Toronto, Hamilton and Buffalo Railway Company**

Gov't. contributions, rate increases foregone 10:8

*Toronto Star*

Article, Canada Manpower 14:33

**Toupin, D., Director General, Manpower Client Services Branch, Manpower and Immigration Dept.**

Canada Manpower, Estimates 1974-75 9:22-3; 14:10, 17; 15:7; 16:12; 19:19; 22:11, 17; 23:18

**Tracey, E. Lorne, General Manager, Montreal Board of Trade**

Canada Manpower, Estimates 1974-75 23:11-4, 19

**Transport Dept.**

Employees, increase 19-A:12

*See also*

Estimates...

**Treasury Board**

Evaluation Canada Manpower 4:8-9, 19-20; 9:6, 27

*See also*

Estimates...

**Two-price Wheat Program**

Operation, finances 30:5, 7-8; 31:4, 14-5

**Unemployment**

Described, discussed 4:10, 12-5; 7:13, 70; 11:10-1, 93-4; 12:18, 26-7; 18:14-5, 19, 23, 30-7; 20:6-7; 34:36, 38-9

Education level, relationship 34:101

Elimination, relation inflation, gov't. policy 4:14; 12:10-4, 17-20, 29-32, 35, 38; 14:13-4

Handicapped 7:16, 20, 67, 69-70; 18:36

Income support 4:7, 15, 20; 11:12; 12:6; 20:7

Job vacancies, relationship 18:5, 7-8; 34:38-40

Measurement 4:25; 7:10; 25:10

Native People 6:24, 51; 11:23-5

Outlook, projections 7:8-9; 20:6

Regional 7:51; 18:19, 22-4

Seasonal 7:51-3, 69-70; 18:15-7

Students 7:8-9, 39-40; 11:10-1

Women 7:55-6; 18:17; 26:23

Youth 11:10-1; 26:23-4

*See also*

Work

**Unemployment Assistance Act**

Residual payments to provinces 31:18

**Unemployment Insurance**

Abuses, misrepresentation 19:15, 19-20; 22:20-2; 24:22

Benefits, criteria, requirements 5:22; 11:11, 19; 12:8, 16-7, 21-2; 18:28, 31; 25:10, 15, 24; 26:23

Claimants, number 4:14

Effect, unemployment 14:15, 26; 34:39

Financing, cost 4:22; 12:16; 19-A:9, 22; 27:10-1; 30:7, 9; 32:6, 8-9, 17, 22-3

German Federal Institute for Labour 12:14-6

Ineligibility after age 65 32:15

Purpose, operation 4:21-2; 11:27; 12:16-7, 22, 28-9

Social Insurance Numbers 32:23-4

*See also*

Canada Manpower

**Unions**

Hiring halls 23:7-23; 25:5-10, 15-7

*See also*

Strikes

**United States**

Community Development Corporations 7:71

**Uranium**

Electricity generation, market price, increase, guidelines 3:14

**Urban Affairs Ministry**

Programs, Assisted Home Ownership Program 1:9-10

*See also*

Estimates...

**Vancouver Board of Trade**

Canada Manpower, survey, opinion 23:5-11, 15, 20-9

Membership 23:5

**Veterans Affairs Dept.**

*See*

Estimates...

**Wallace, D.G., Regional Director, Manpower and Immigration Dept.**

Professional section, Winnipeg 5:18

**Winnipeg Chamber of Commerce**

Survey, Canada Manpower, effectiveness 11:8

**Work**

Education, leisure, relationship 12:48-53, 97-8; 17:6-7, 11; 20:6, 16-7, 22:14-6

Educational requirements 4:10, 24; 21:12-3; 23:8

Four day week 18:32

Gov't. employment system, measurement effectiveness, Canada, Britain, U.S.A. 5:6-7

Income Supplementation 4:20

Industrial democracy, co-determination 12:6, 9, 15-6, 51-7

Industrial training programs, employers 9:28; 12:56; 19:7, 12-3, 17; 23:18

Industry, employee turnover rate 11:7; 19:8, 11, 16, 21; 22:19-20; 23:9, 13-5; 24:16-7; 25:11, 17

Motivation, work ethic, rewards 4:7, 10-1, 18-9, 21, 26; 5:11, 23; 6:14; 7:6; 11:13; 12:5, 7-9, 13, 24, 27-9, 32, 82, 91; 14:16; 18:30-1, 36; 20:13; 21:12, 21; 23:13-4; 25:10-1; 26:7; 34:39

Part-time employment 34:40

Recruitment methods 19:6-8, 10, 12-5; 22:6, 8-10; 23:7, 10-3, 22, 32; 34:76-7

Technological change, problems 9:21-2

White paper on employment and income, 1945 4:6

Women abilities 6:6-7, 51; 12:13-4; 18:34; 25:23

*See also*

International Labour Organization

Minimum Wages

Specific industries  
Unemployment  
Unions

### World Intellectual Property Organization

Canadian grant 10:8; 21:8

### Wostenholme, Carl, Assistant Director, Capital Markets Division, Finance Dept.

Bill C-80 29:7-19

### Yuzyk, Hon. Paul, Senator (Fort Garry)

Estimates...fiscal year ending March 31, 1975

Supplementary "D" 8:18-9

Estimates...fiscal year ending March 31, 1976

Main 19-A:14

Supplementary "A" 27:9-10, 13, 18, 20-1, 23

Supplementary "B" 31:13-6, 22

Estimates...fiscal year ending March 31, 1977

Supplementary "A" 8:18-9

### Appendices

#### Issue 5

A—Canada Manpower Mobility Program Expenditures on Grants Authorized 1973-74 5:28

B—Number of Mobility Grants Authorized 1973-74 5:29

C—Development and Utilization of Manpower Program 5:30

D—Operational Statistics (Canada Manpower) 5:31

#### Issue 6

A—Manpower Programs Information—"The Employment Service", brief, Manpower and Immigration Dept. 6:29-82

B—Outreach Programs—Summary of Job Placements 6:83-4

C—Canada Manpower Adjustment Program Assessment 6:85-6

D—Agricultural Manpower Programs—Statistical Tables (1969-74) 6:87-90

E—CMC staff 6:91

F—Distribution of weekly wages for "clients placed" and on "job orders" 6:92

G—Use of CMC's by post-secondary students 6:93

#### Issue 7

A—Brief "Job Creation", Manpower and Immigration Dept... 7:23-77

#### Issue 9

A—Brief, "Manpower Training", Manpower and Immigration Dept. 9:29-69

#### Issue 11

A—The Canada Manpower Centre 11:29-72

B—Table, Landed Immigrants in Canada who were Registered as Farmers and Farm Workers 1967 to Sept. 1974 11:73

C—Canada Manpower Mobility Program 11:74-5

D—Outreach Program, Special Programs Branch Summary of Job Placements Made by External Outreach Projects April-September 1974 11:76-81

E—Types of Job Vacancies Reported to CMC's by Skill Classification 11:82

F—Pilot Projects 11:83-91

G—Canada Manpower Training Program (CMTP) Distribution of Language Training By Region 1973-74 11:92

H—Unemployment Rates 11:93

I—Ratio of Youth Unemployment Rate to Total Unemployment Rate 11:94

J—Unemployment by Age (000's) 11:94

#### Issue 12

A—Brief, Manpower Programs, Canadian Council on Social Development 12:23-105

#### Issue 14

A—Brief, Prof. Noah Meltz, "The Role of Canada Manpower Centres in Matching Job Seekers and Job Vacancies" 14:25-35

#### Issue 23

A—"Survey on CMC Services to Businesses", Vancouver Board of Trade 23:20

B—Letter to Committee Chairman, from Assistant General Manager, Vancouver Board of Trade 23:21-9

C—Letter to Committee Chairman from General Manager, Montreal Board of Trade 23:30-7

#### Issue 25

A—Canadian Federation of Agriculture, Statement to Committee, Re: Manpower Service to Agriculture 25:25-7

#### Issue 26

A—"Manpower Programs and Poverty", Strategic Planning and Evaluation Group 26:26-7

#### Issue 28

A—Report of Committee, Supplementary Estimates (A), 1975-76 28:4-9

#### Issue 31

A—Replies to questions of Senators, meeting March 10, 1976 31:23

### Witnesses

—Ames, Lorne M., Superintendent, Personnel and Industrial Relations, International Nickel Co. of Canada

—Andras, Hon. Robert, Minister of Manpower and Immigration

—Armstrong, Malcolm D., Chairman, Transportation Development Agency, Transport Dept.

—Ashby, Noel G., Vice-President, Industrial Relations, Hudson Bay Mining and Smelting Co.

—Baetz, Reuben, Executive Director, Canadian Council on Social Development

—Banting, Elmer T., Executive Vice-President, Canadian Food Processors Association

—Botham, G.C., Director, Institutional Training Division, Manpower and Immigration Dept.

—Boyd, J. D., Director General, Ontario Region, Manpower and Immigration Dept.

—Bryant, E. G., Chief, Energy Information, Energy, Mines and Resources Dept.

—Buchholz, J. E. W., Chief, Research Division, Energy, Mines and Resources Dept.

—Bursa, Dr. M., Senior Economist, Canadian Federation of Agriculture

—Caccia, Charles, M.P.

—Campbell, Dr. D. R., Assistant Deputy Minister, Strategic Planning and Research Division, Manpower and Immigration Dept.

—Charpentier, R., Montreal Board of Trade



- Chrétien, Hon. Jean, President of Treasury Board
- Clyne, C., Member of Executive, Canadian Restaurant Association
- Coates, D., Member, Canadian Food Processors Association
- Coke, W., Vice-President and General Manager, Manpower Temporary Services
- Collins, K., Program Director, Income Security, Canadian Council on Social Development
- Costello, William, Executive Assistant to Managing Director, Mining Association of Canada
- Cousineau, Guy, Chairman of Loto Canada
- Dagenais, Michel, Canadian Construction Association
- Dawson, John, Director, Economic Council of Canada
- de Puyjalon, Henry, President, Canadian Construction Association
- Dibblee, A. C., Director of Personnel, Procor Ltd.
- Dressler, M. C., Vice-President, Hoffman-LaRoche Ltd.
- Dupre, Dr. Stefan, Professor of Political Economy, University of Toronto
- Durocher, George, Director of Manpower Resources and Labour Relations, Canadian Construction Association
- Dymond, Dr. William R., Deputy Director, Directorate for Social Affairs, Manpower and Education, OECD
- Ediger, Nicholas, President, Eldorado Nuclear Ltd.
- Fay, P. B., Director General, Strategic Planning and Evaluation Group, Manpower and Immigration Dept.
- Foster, M.B., Director, Government Finance Division, Finance Dept.
- Foster, Maurice, Parliamentary Secretary to Minister of Energy, Mines and Resources
- Francis, Lloyd, M.P., Parliamentary Secretary to President of Treasury Board
- Fust, Norman, Personnel Manager, Hoffman-LaRoche Ltd.
- Gonzales, M., Director, Fairshare Incorporated
- Gotlieb, A.E., Deputy Minister of Manpower and Immigration
- Hamilton, William, Associate Executive Secretary, Canadian Federation of Agriculture
- Handfield-Jones, S.J., Assistant Deputy Minister, Fiscal Policy and Economic Analysis Branch, Finance Dept.
- Heath, G.S., Montreal Board of Trade
- Hemmings, Jack H., Vice-President, Government Relations, Canadian Restaurant Association
- Hunter, J.A., Director of Manpower Co-Ordination Branch, Manpower and Immigration Dept.
- Hurd, W.J., Director, Manpower Training Branch, Pacific Region, Manpower and Immigration Dept.
- Jenness, Robert, Director of Labour Markets Group, Economic Council of Canada
- Keyes, Robert W., Member of Council, Vancouver Board of Trade
- Krupka, Ivo, Director, Community Employment Strategy, Manpower and Immigration Dept.
- Lafontaine, Maurice, Deputy Secretary, Administrative Policy Branch, Treasury Board Secretariat
- Lagassé, Jean, Chairman, Task Force on Manpower Services to Native People, Manpower and Immigration Dept.
- Langlois, Jean-Pierre, Construction Association of Montreal
- Lefebvre, J.P., Director General, Manpower Training Branch, Manpower and Immigration Dept.
- Lyon, James, Legal Adviser, Energy, Mines and Resources Dept.
- MacDonald, B.A., Assistant Secretary, Program Branch, Treasury Board Secretariat
- MacDonald, B.A., Deputy Secretary, Program Branch, Treasury Board Secretariat
- Macdonald, Hon. Donald, Minister of Energy, Mines and Resources
- McGill, Donald G., President, Vancouver Board of Trade
- McGuigan, J.F., Canadian Federation of Agriculture
- MacKenzie, M.H., Director of Personnel, Hudson's Bay Company
- Mackie, P.C., Director General, Job Creation Branch, Manpower and Immigration Dept.
- Magun, S., Chief, Quantitative Methods Division, Strategic Planning and Evaluation Group, Manpower and Immigration Dept.
- Mallory, Malcolm R., President and General Manager, Rubbermaid (Canada) Ltd.
- Manion, J.L., Senior Assistant Deputy Minister (Manpower), Manpower and Immigration Dept.
- Mell, Joseph, Chairman, Board of Directors, Fairshare Incorporated
- Melnik, T., Program Branch, Treasury Board
- Meltz, Prof. Noah, Associate Chairman, Political Economy Dept., University of Toronto
- Montgomery, Dr. D.S., Head, Fuels Research Centre, Energy, Mines and Resources Dept.
- Oke, Russell, Member, Canadian Food Processors Association
- Penner, H., Member, Canadian Food Processors Association
- Radburn, E.A., Director, Estimates Division, Program Branch, Treasury Board
- Raynauld, Dr. André, Chairman, Economic Council of Canada
- Redden, A.T., Director of Manpower Planning, Noranda Mines Ltd.
- Reynolds, S., Counsellor, Fairshare Incorporated
- Richardson, R.L., Assistant Secretary, Program Branch, Treasury Board Secretariat
- Ryan, J.W., Assistant Deputy Minister (Legislation), Justice Dept.
- Scoten, A.E., Assistant General Manager, Vancouver Board of Trade
- Scrim, David, Co-ordinator, Financial-Corporate Studies, Energy, Mines and Resources Dept.
- Smith, Dr. Charles, Assistant Deputy Minister, Science and Technology, Energy, Mines and Resources Dept.
- Spencer, Robert, President, Ontario Region, Canadian Restaurant Association
- Stewart, Neil, Chairman, Energy Supplies Allocation Board, Energy, Mines and Resources Dept.
- Taylor, L., Director, Local Employment Assistance Program, Manpower and Immigration Dept.
- Thompson, W.B., Chairman, New Brunswick Community College, Fredericton

- Toupin, D., Director General, Manpower Client Services Branch, Manpower and Immigration Dept.
- Tracey, E. Lorne, General Manager, Montreal Board of Trade
- Wallace, D.G., Regional Director, Manpower and Immigration Dept.
- Wostenholme, Carl, Assistant Director, Capital Markets Division, Finance Dept.

For pagination, *see* Index by alphabetical order















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